

THE TIMES

TUC backs 12-month pay rule by 2.7m majority

The Trades Union Congress voted by a majority of 2,786,000 yesterday to support the 12-month rule for pay settlements in spite of opposition from the miners, train drivers' and transport workers' unions. Mr Len Murray, TUC general secretary, warned pay negotiators that future deals must take into account "the profitability

of the companies your members work in". At a meeting with CBI leaders last night the Chancellor urged industrialists to accelerate plans for new investment. The Government wants evidence of higher investment before deciding on the scope for stimulating the economy. (Business News, page 15.)

Mr Murray warns unions to study profitability

From Paul Routledge, Labour Editor, Blackpool

The Trades Union Congress yesterday pledged itself to observe a limited form of wage restraint that sustains the 12-month rule between pay settlements and asks workers to bear in mind the profitability of their companies.

The policy is not the ideal extension of the social contract originally sought by the Government, but taken with cash limits in the public sector and a firm ministerial line on pay it is likely to put a brake on pay bargaining this winter. However, it is already a target for opposition by shop-floor militants.

Political considerations of support for the Government were a part in the debate that led up to a vote of 2,786,000 to 2,446,000. The successful compromise resolution calls on the Government to expand the economy and reduce unemployment.

The argument over the best way forward after two years of effective and voluntary TUC Government income policy showed conflicting strands in the Labour movement: "some powerful groups pushing for the abolition of all controls on

The text of the successful resolution on wages and economic policy reads: "This Congress, recognizing the sacrifices and self-restraint shown by workers during the past two years in their commitment to the social contract, instructs the general council to call for an immediate return to free collective bargaining at the end of the second stage of the social contract, with a confirmation of the 12-month rule between principal settlements."

Government action is urgently required if the necessary climate for an orderly return to free collective bargaining is to be established and achieved, requiring further reflation of the economy to reduce unemployment and allow living standards to rise again.

pay, and other union leaders determined to implement the orderly return to voluntary collective bargaining agreed last year.

The Transport and General Workers' Union, which accounted for nearly half the votes cast against the general council's recommendation to see out phase two of the counter-inflation programme, is to review its policy in two weeks' time.

Mr Jack Jones, the union's general secretary, who supported the 12-month rule until he was defeated at his own conference, predicted last night that the TGWU would fall in line with the others. "We have never deviated from endeavouring to follow congress policy", he said.

Unions in the public sector were divided. Most supported the restraint formula, but the miners and train drivers, who have not hesitated in the past to invoke their industrial strength, went against it.

The Amalgamated Union of Engineering Workers created the congress to the extraordinary spectacle of its president, Mr Hugh Scammon, holding up a voting card for the 12-month rule while most of the members of his delegation stood up and shouted their defiance of it.

Mr Ronald Halverson, their elected spokesman, said after the debate that it was a meaningless vote and an unworkable policy. "It is a formula for industrial unrest", he added.

He had gone to the rostrum earlier to plead his case but Mrs Marie Patterson, the president, cut off the microphone. Mr Len Murray, TUC general secretary, said that when 12-month settlements expire union negotiators could get on with collective bargaining "taking into account your own circumstances, and that includes the profitability of the companies your members work in".

He emphasized that continuation of the social contract was a key element in TUC-Government relations, commending the joint policy statement prepared by the TUC-Labour Party liaison committee setting out agreed priorities into the 1980s. It was carried.

The traditional political "impartiality" of the TUC was not readily discernible in Mr Murray's address. If trade unionists tried to buy their way out with more paper money, he said, the pound would go down and prices would go up.

Then unemployment would go up and not down. Before long the Government would go down and some other government would come up.

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Business Diary, page 17

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'Eliminate him' written on intelligence report Murder evidence in Bhutto case

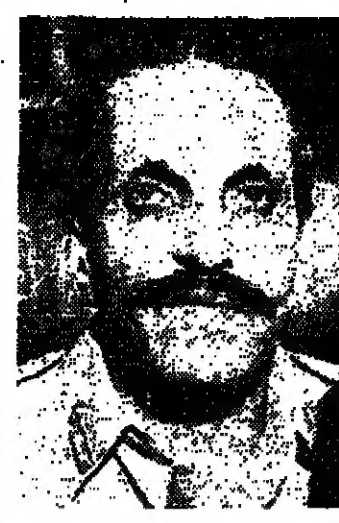
From William Borders, Karachi, Sept 7

General Zia, head of the Pakistan military Government, says he has seen documentary evidence that he believes implicates Mr Bhutto, the former Prime Minister, in a political murder.

"I have seen it with my own eyes", he said in an interview yesterday. It was a report from intelligence giving the activities of a particular man, he said. The man, Mr Bhutto, had written: "Eliminate him". The man was killed six months or a year later.

General Zia described Mr Bhutto, whom he overthrew in a coup two months ago, as an evil genius who had been running the country on more or less Gestapo lines, mistreating funds, blackmailing people.

The general, who was appointed Chief of the Army Staff by Mr Bhutto last year, said he had had no knowledge of what type of order he had written. "I was not even aware when he began to see secret documents and memoranda that convinced him that the former Prime Minister was 'Machial' veiled in 1977, the Prince in Pakistan".



General Zia: 'I have seen it with my own eyes'.

He disclosed that he had personally authorized Mr Bhutto's arrest on Saturday on a charge of conspiracy to murder a political opponent. The intelligence agents were acting on the orders of a court, he said, but they had first sought approval from him, as head of the Government.

Referring to conversations with Mr Bhutto, he said "I told him, I said 'I will not arrest you myself under the martial law, but I will not block any move of your arrest by the court.' So the court wanted him."

The general, a soldier in the British tradition, will court martial Bhutto in a full moustache, was interviewed in the parlour of his official military residence, a white stone relic of British rule in this old market city adjacent to Islamabad, the capital.

Asked whether he still intended to hold elections on October 18, yielding power then to a civilian government, he replied: "By jingo, yes, unless the heavens fall, unless a new situation emerges which I have not foreseen and which I do not anticipate. A military government is not the solution for Pakistan. We must have democracy."

He said he thought that it would be impossible for Mr Bhutto's conspiracy trial in Lahore to be completed before Continued on page 6, col 7

Survey says clergymen get most job satisfaction

By Robin Young, Consumer Affairs Correspondent

Blessed are the lowly-paid, for they shall be happiest at work. Or so it appears from a survey conducted by Money Which? the consumer magazine, among its readers and published in this month's issue.

Clergymen, who were the lowest-paid category in the survey, showed easily the highest rate of job-satisfaction. No fewer than 58 per cent of them said they were "very satisfied", 10 points clear of their nearest rivals, company directors, farmers and horticulturalists.

The most miserable workers in the survey were draughtsmen, only 8 per cent of whom said they were very happy in had an average annual salary of £3,700 at the time of the survey, compared with the clergy's modest stipend averaging £2,500.

The highest paid group, stockbrokers earning about £10,800 a year, scored no more than average satisfaction. An unusually high proportion said that if they were starting their working lives over again they would choose some other occupation.

More than 24,000 readers answered the questionnaire, but it is not suggested that they are a representative sample. The most important requirement for job satisfaction, the researchers concluded, was the use made of the employees' abilities. Next was interest in the work. Two respondents out of five said their physical working conditions and hours of work were among the three least important things about the job.

People who worked long hours in fact appeared to be more satisfied than the average, and for those who had to travel to work the length and inconvenience of the journey made no difference.

People who worked at home, the self-employed and those working for small or non-profit-making organizations were happier at work, despite longer hours and heavier workloads, whereas employees of large organizations, particularly the nationalized industries, complained more.

But more than half the respondents said they would carry on in their present jobs even if they were to win £250,000 on the football pools. The report concludes that it is worth studying for professional qualifications. Using one's abilities to the full is more important than a big salary and to stay happy, people should find a vocation and steer clear of the nationalized industries.

Register of hotels: A full hotel registration scheme should be used to publicize British hotels at home and abroad, the September issue of Holiday Which?, published today, says (our Consumer Affairs Correspondent writes).

The magazine criticizes the present English and Scottish tourist board methods of listing hotel accommodation and says they are far from satisfactory. It calls for a registration scheme similar to that of other countries where hotels are registered and inspected before appearing in official guides.

Beaverbrook chief 'will not bow to anarchy'

From Patricia Clough, Bonn, Sept 7

The West German Government today drew a curtain of secrecy over its plans to deal with terrorists' demands for the release of 11 prisoners in return for Herr Hanns-Martin Schleyer, the kidnapped head of the West German Industries Federation.

The crisis committee of Government, Opposition and Land leaders met for two hours during the night to debate the question: Can the state release its sworn enemies to save the life of one man? No details of the meeting were disclosed and Government officials refused to answer any questions.

The silence was broken only once, by Herr Karl Schless, the Baden-Württemberg Interior Minister, who confirmed a news agency report that the release of 11 of his colleagues, including the three surviving members of the original Baader-Meinhof group, by 10 am today.

They demanded that the 11 be given DM100,000 (about £25,000) each and that they be flown to a country of their choice. They were to be accompanied by a representative of the United Nations and by Pastor Martin Niemöller, the Protestant clergyman who was imprisoned in wartime concentration camps for his opposition to Hitler.

Another demand, that their conditions and a declaration be read over television last night, was not met. The (Palldition) was unable to assemble to discuss the terrorists' letter in time. Government officials appeared greatly annoyed by Herr Schless's disclosures.

As today's 10 am deadline passed, it became clear that the Government was not going to be hurried. The Federal Criminal Office issued three appeals over the radio for proof that Herr Schleyer was still alive.

In the third appeal it told the terrorists to provide a tape recording of Herr Schleyer's voice giving answers to two questions which, presumably, only he would know. One was the nickname of a man called Edgar Obrecht and the other the name of a person described as the "Euler grandchild" and the place where she lives.

There is a possibility that Herr Schleyer could have been fatally wounded in the barrage of machine-gun fire which killed his chauffeur and three men bodyguard when the terrorists attacked his car and carried him off in Cologne on Monday night. No traces of blood, however, were found in the getaway vehicle later discovered in a Cologne garage.

The Cabinet today approved, in its usual Wednesday meeting, a series of anti-terrorist measures. The measures were already under study and are not directly related to the kidnapping.

They include a Bill to speed up trials for serious terrorist crimes by dropping minor charges and by restricting the scope for lawyers to cause long delays with objections and procedural quibbles. The Bill also makes it considerably easier to exclude defendants in criminal activities.

German silence over kidnappers' demands

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Legal battle over a Rembrandt painting

From Ian Murray, Zurich, Sept 7

A painting believed to be a self-portrait by Rembrandt is at the centre of a legal battle in Switzerland between an art dealer and an art collector. The picture, painted in 1632, shows a man dressed in dark clothes with a large ruff round his neck. Since the 19th century it has been under legal protection in the vaults of the Credit Municipal in Marcelline.

It was apparently left to a Mr M. Ange Meuret, who decided to sell it. He therefore asked M. Edward Knudde, an art dealer, to purchase it. By written agreement M. Knudde was to receive 10 per cent of the selling price.

He approached the Belgian Ministry of Education which made an offer of £735,000. Meanwhile, Mr Meuret was approached directly by a member of the Rothschild family which offered £1,175,000 and by a Texan who offered £2,350,000.

Mr Meuret was delighted with the American offer and went to the Credit Municipal to obtain a loan on the strength of it. M. Knudde, worried that he was about to lose his 10 per cent share in the painting, decided to hand the painting back to M. Meuret. M. Knudde has immediately lodged a nappel so the affair will move on to a higher court in Aix-en-Provence.

The court today decided to hand the painting back to M. Meuret. M. Knudde has immediately lodged a nappel so the affair will move on to a higher court in Aix-en-Provence.

Once again, we apologise to our readers in the paper, and to the wide range of readers who have been inconvenienced by the late delivery of The Times.

Some readers in Scotland, Ireland, the north of England and overseas did not receive their copies of The Times yesterday. Mainly as a result of the continuing labour troubles in the composing and printing rooms part of the early edition was not printed.

Hull warders may face prosecution

By Peter Godfrey

A police inquiry into the shooting of the riot at Hull prison last summer is expected to lead to criminal prosecutions against some prison officers for alleged assault on inmates.

The results of the investigation, which included interviews with 300 prisoners and some prison officers who were at Hull at the time of the riot, are likely to go to the Director of Public Prosecutions soon.

Although the inquiry has yet to be concluded, it is thought to contain evidence of wilful violence by a group of prison officers towards the 100 prisoners detained overnight in a wing of the jail after the shooting. The evidence might provide grounds for court actions.

for assault, causing grievous bodily harm, and other criminal offences against prison officers who are alleged to have carried out systematic beating of prisoners and to have polluted their food and drink after the riot.

"Our sole purpose in this inquiry is to seek the truth", Det. Sgt. Ronald Sagar, who is leading the Humberside police investigation, said. He confirmed that recent reports published by The Times of prisoners at Hull being subjected to violence, abuse and brutality "correspond with the sort of allegations we are investigating".

Reports in The Times, which reflect only the prisoners' version of events after the riot, have consistently traced a pattern of malicious behaviour towards them by some prison officers.

According to the prisoners, now dispersed to other jails, their tea and soup were polluted with urine when they returned to cells in a wing on the Friday evening after they had surrendered on condition that they would not be subject to physical reprisals.

In some cases, mattresses and blankets supplied to them are also said to have been soiled. The next morning, it is alleged, each prisoner was taken from his cell and forced to run a gauntlet of prison officers along each side of a wing corridor, about 4ft 6in wide, and many were beaten, goaded, knocked to the ground and kicked. On reaching the breakfast room, some inmates' heads and faces are said to have been daubed with jam and

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Sir Eric Miller sued over £55,000 necklace

By Ray Maughan

Peachey Property Corporation has issued two new writs totalling £65,000 against its former chairman and managing director, Sir Eric Miller.

Through its estate agent subsidiary, Anthony Butler & Partners, Peachey is suing Sir Eric in one action for £55,000. The High Court writ claims that an emerald and diamond necklace was sold by Asprey's, the Mayfair jewellers, to Sir Eric on behalf of Hudley, and that the necklace was sold back to Asprey's for £55,000 two years later. The writ alleges that Sir Eric converted the proceeds for his own use.

The second new writ claims £10,000 which is alleged to have been paid for the racehorse, Princesly Chief.

Last April, Hudley started legal proceedings against Sir Eric for £130,000 because he had not given any "reasonable explanation" concerning his claim that he had deposited that sum as part of the £282,000 which was written off the accounts last year.

Although he has repaid some £300,000 of the proceeds of the necklace, the bank with which he claimed to have deposited the £130,000 (forming part of the cost of an abortive European venture) was unable to trace any detail of the purported transaction.

It is believed that Sir Eric will "vigorously defend" both new writs and that his solicitors have put in a defence against the £130,000 claim.

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Mr Johnson tells why he left the Labour Party

Mr. Paul Johnson, former editor of the New Statesman, has explained his resignation from the Labour Party after 24 years' membership. The party has become "a repository of destructive envy and militant failure, and a party of green-eyed monsters", he writes in the New Statesman this week. He blames Mr Callaghan for what he describes as the Labour Party's move from individualism to collectivism.

Owen visit 'cleared air' on Gibraltar issue

Dr Owen, the Foreign Secretary, who flew home from Spain yesterday, said he felt his visit had cleared the air over the Gibraltar issue. The attitude of the Spanish Government had changed from open hostility to "a degree of sensitivity and understanding". Britain would support Spain's application to join the EEC and, if Madrid so wished, Nato as well.

Lord Boyle not to give Reith Lectures

The BBC governors are meeting today to consider an announcement by Lord Boyle of Handsworth, Vice-Chancellor of Leeds University, that he will be unable to deliver this year's Reith Lectures in November. The series has been postponed to January and will, it is understood, be given by Dr A. B. Halsey, director of social and administrative studies at Oxford.

On other pages

Leader page 13
Letters: On industrial relations and the law, from Mr Alan Campbell, QC, and Lord Sigo; and on clergy pensions, from the Reverend D. W. Perry and others.
Leading articles: Television and violence; Pakistan.
Features, pages 7 and 12
East Rowcliffe on why American unions are casting envious eyes at Britain; Judith Liston on the Roman Catholic Church in Hungary; Fashion by Prudence Glynn.
Sport, pages 1 and 9
Football: Scotland beaten in East Germany. Racing: Doncaster prospects and report. Golf: Jacklin leads at Otterburn. Tennis: Villat first man to reach semi-final of United States Open.
Cricket: Procter scores 100.
Obituary, page 14
Professor J. E. Littlewood, M. Jean Roszard

Arts, page 11
William Mann on Mary Queen of Scots in Edinburgh; Michael Curran on television; John Richards on Copestake; Irving Wardle and Ned Chellett at the theatre; Max Harrison at the Proms.
Business News, pages 15-22
Stock markets: Shares gained more ground and the FT index closed another 8.4 up at 534.2.
Financial Editor: All eyes on interest rates; carpets after Bond Worth; three insurance "majors".
Business features: Paul Routledge on how pay bargaining will put the TUC to the test; Restrictions on wage claims are discussed by Melvyn Westlake in Economic Notebook.
Business Diary: Corgi, the paperback imprint, has a second new owner in two years.

Derby victor retires

The Minister, winner of the English and Irish Derbies, has been retired to stud in Maryland in a move to beat any ban America might impose on English horses after the recent outbreak of equine genital disease.

England draw

England's new-look football team, built by England's new-look Liverpool players, Ron Greenwood around his unsuccessful failed to beat their old unsuccessful sequence when they drew 0-0 against the little-fancied Swiss at Wembley.

Call for march ban

Provocative trade union marches should be banned, the National Executive Committee of the Labour Party says in an interim statement on the party's race relations policy to be presented to its annual conference at Brighton next month. Such demonstrations, it says, are a form of incitement to racial hatred.

WEST EUROPE

Slight stimulus but no vote-catching in sober Barre budget

From Charles Hargrove
Paris, Sept 7

The draft budget for 1978 approved by the French Cabinet this morning is not an electoral budget. M. Barre, the Prime Minister, has remained true to his reputation as a careful husband of the nation's finances, and an opponent of all demographic measures. He is proposing a continued austerity to keep wage and price inflation in check, with just enough stimulus to maintain industrial activity and prevent the economy from lapsing into recession.

President Giscard d'Estaing said at the Cabinet meeting: "The Government has avoided all electoral gimmicks, and taken only national requirements into consideration. Public opinion will approve the honesty and seriousness of this budget. It is a serious budget to help an economy which is recovering."

The most striking characteristic of the draft budget is that, for the first time for eight years, it officially provides for a deficit, albeit a modest one, of 9,800 francs (£1,140m) out of a total expenditure of 398,260m francs.

Even so, this deficit represents a departure from the sacrosanct doctrine of balanced budgets, upon which President Giscard d'Estaing based his reputation when he was Finance Minister, however much the doctrine was infringed in practice by the device of supplementary budgets to cover excess or unexpected expenditure.

This year's imbalance is expected to be around 16,000m francs, in addition to the 5,500m francs injected into the economy in the form of support for public works, to industrial enterprises, and increased family benefits. It should, in the Government's view, provide a mild degree of economic

stimulus, pending a real recovery of activity in West Germany and Japan.

The assumptions upon which the budget is based are regarded as distinctly optimistic. There are a 4.5 per cent rate of growth next year, a rise in prices of 6.5 per cent (as against just under 9 per cent this year), and a 4 per cent rise in consumption.

Industrial investment is expected to rise by 3.7 per cent, about the same rate as this year, while exports, in the Government's estimates, should increase by over 8 per cent.

If the growth rate does not live up to expectations the deficit is likely to exceed 15,000m francs, but the Prime Minister has insisted that in any case it will be financed by real savings and not by the creation of money or the floating of a national loan.

The budget changes which are more likely to attract the public eye are the increase in the price of petrol by 9 per cent in two stages next year and a rise in the tobacco and the motor vehicle tax. The income tax threshold is to be raised by 7.5 per cent so as to compensate for inflation.

M. Barre said at the Cabinet meeting that he hoped to achieve a greater measure of fiscal justice. Changes would be made to small incomes while higher ones would be more heavily penalized.

Although it is not a starting or novel budget, likely to make an impact on public opinion before the decisive parliamentary elections next March.

M. Barre remains true to himself. He promised the nation austerity for three years, and he sticks to his guns. The budget may enable the economy to emerge from its present hibernation into a state of recovery, but it does not hold out the hope of anything more.

OVERSEAS

Misuse of aircraft levelled at Mr Lance

From Patrick Brogan
Washington, Sept 7

The controversy surrounding Mr Bert Lance took a turn for the worse today with the revelation that the Justice Department had been asked to consider prosecuting him for misusing a private aircraft belonging to a bank he once controlled.

The National Bank of Georgia, of which Mr Lance was President until he became Director of the Office of Management and the Budget, has an aircraft for its official use and apparently some Washington bureaucrats consider that Mr Lance might have been committing an offence by using it for personal trips or by giving lifts to his friends.

If the aircraft was not always used for business purposes, then it might be a taxable perk, and Mr Lance might have been negligent in not reporting it to the Internal Revenue Service as income.

The New York Times spreads this all across its front page. So does the Washington Post, as if to disprove the belief, held by right-wing Republicans that those two newspapers never put the Democrats through the mangle with the thoroughness they use on Republicans.

The papers have already reported that Mr Carter himself reported to the aircraft in 1975 and they tell us breathlessly today that Mr Charles Kurbo, one of the President's closest unofficial advisers (and also an old friend of Mr Lance), had flown in Mr Lance's plane. The plane was reportedly submitted to the full weight of post-Watergate investigative reporting, and the reporters and editors seem to have lost all sense of proportion.

The National Bank of Georgia hardly deserves this amount of attention. Its deposits are around \$300m (£17m) and it is 30th in size in the country. The doings of much smaller banks, with which Mr Lance has been involved, are being investigated with the zeal once displayed in investigating Watergate and art, of course, much more vulnerable to attack than are larger institutions.



Mr. Lance walking to his office yesterday.

Anyone who reaches page three, therefore, will learn about the Calhoun Bank, the Fulton National Bank, the Bank of Ringgold and the Cohutta Banking Company, whose operations are restricted to villages in Georgia and which, at various times, Mr Lance owned, controlled, or borrowed money from.

Mr Lance is under siege the way Mr Nixon was under siege four years ago and President Carter and his press secretary, Mr Jody Powell, now know what Mr Nixon and Mr Ronald Ziegler, Mr Nixon's press secretary, went through.

The Senate committee on government affairs is investigating the matter and agreed yesterday to postpone Mr Lance's resignation for a week to give his new lawyer, Mr Clark Clifford, a chance to learn about the case.

The delay will permit Mr Carter to go through with the first public phase of his attempt to persuade the Senate to ratify the Panama treaty without the distraction of Mr Lance's resignation. It also gives Mr Carter time to decide whether Mr Lance should resign before appearing before the Senate committee, or afterwards.

Mrs Thatcher makes sure about her US publicity

From Our Own Correspondent
New York, Sept 7

Mrs Margaret Thatcher, the leader of the Opposition, arrived here last night on an eight-day visit to meet leaders of Government and business. Members of her party were pleasantly surprised that the Heathrow troubles delayed them only two and a half hours beyond their scheduled arrival time.

Today's programme was taking Mrs Thatcher to Wall Street, the financial centre of America. There she met senior members of the staff of the Wall Street Journal and had lunch with directors of Morgan Guaranty Trust Company. In the afternoon, she was to visit executives of Time magazine, then call on Mr Ivor Richard, British representative at the United Nations. She was dining with executives of the National Broadcasting Company, one of the three major television networks, for which she will be doing an interview next week.

Mrs Thatcher has taken care with the advance preparation of her visit. She has been acting somewhat like an American political campaigner, though on a more modest scale. She even sent an "advance man" here in the person of Mr Adam Butler, her parliamentary private secretary. Her staff have for the most part been heading her press relations, though she has been using the British Information Service (BIS), as important British politicians normally do.

This is because, on her last visit to the United States, the BIS had not handled her publicity too well. There were dark mutterings of a socialist plot to weaken the impact of her visit. She was determined that the same should not happen this time.

To divorce herself still further from the Government machine, Mrs Thatcher and her husband are not staying with the British Consul, but in the Park Avenue flat of Mr John Irwin, a retired businessman and former ambassador in Paris who is described as "a friend of a friend". He is on the international council of Morgan Guaranty.

In Houston, her next stop, she will be at a hotel and only in Washington will she accept official hospitality when she stays with Mr Peter Jay, the Ambassador.

Before leaving London, Mrs Thatcher held a briefing for American journalists, which resulted in long and fairly flattering profiles in the Washington Post and The New York Times. The New York Times correspondent said the trip was "designed to give her the role of a seasoned international politician". Both described her as the iron butterfly and noted with approval her blunt, no-nonsense conservative philosophy and what "Time" called her "well-groomed Tory sensibility".

Her most important public pronouncement here will be made tomorrow, in a speech to the British-American Chamber of Commerce. Tomorrow she will also meet Mr Andrew Young, the United States representative to the United Nations, and will enter the world of finance again when she dines with Mr David Rockefeller. The most spectacular part of the trip will be on Saturday, when she will fly in a helicopter to a Texas oil rig as a guest of Gulf Oil.

under control". The agency, quoting the Minister, said that the authorities "had scored a considerable measure of success... despite the difficult situation arising from limited resources and inadequate security facilities".

But Mr Salzman, in his short statement, did not say whether the Lebanese Government intended to destroy the hashish fields which are cultivated openly in the Bekaa Valley of eastern Lebanon and are now awaiting harvesting. He referred only to the confiscation of drugs produced from the hashish crop. The fields, sometimes a mile wide, stretch in an almost continuous belt for more than 50 miles north of Zahle.

So far, this year's hashish fields have not been touched by

the authorities although Lebanese police and Syrian troops of the Arab League peace force are present in the area in some strength.

Mr Salzman said today that about 4,000 kilograms of the drug and 24 kilograms of hashish had been confiscated by the police in recent months and added that "the authorities have stepped up efforts to crack down on the hashish trade".

Lebanese civil servants privately admit that the country's hashish farmers have been left untouched and that this year's is their largest crop. "In the past, leading politicians who came from the Bekaa have protected them," one civil servant said today.

Asked whether the Government would burn the crops which are ready to be harvested

Search for new 'Roots' leads to series on another emotive subject

TV political soap opera about the Nixon years

From Michael Leapman
New York, Sept 7

The American Broadcasting Company, one of the three national television networks, launched a new programming technique last winter when it screened the serial *Roots* at peak viewing hours on consecutive nights. It was an enormous success; but whether it was because of the way it was shown or the intrinsic fascination of the subject matter will become clear quite soon.

Last night it began another such series on a topic going far back in history, but equally emotive. *Washington behind closed doors* is a 12-hour drama loosely based on *The Company*, the novel about the Nixon years by Mr John Ehrlichman, who played a prominent part in the events on which he based the book.

The format makes de-

liberately heavy demands on viewers' time and attention. The first episode lasted more than two hours and the rest will be nearly as long. Preliminary viewing figures show that the programme won about a third of the viewing audience in three cities: New York, Los Angeles and Chicago. This is not as good as *Roots*, but the figures for that improved as the series neared its climax.

Washington behind closed doors is a political soap opera of a class kind, the chief fascination of which is that most of the leading characters are identifiable people only thinly disguised. The first episode centred on the election of the President to a second term. A man with a photographic memory of a former President, now dead, who had narrowly beaten him at an earlier election.

It is a marvellous characterization by Jason Roberts, who

does not impersonate Mr Nixon but imitates gestures of the eyes, mouth and hands with absolute accuracy. The sycophantic organization men who surround him (among which Mr Ehrlichman used to be counted) are also portrayed to excellent effect. The game plans, the corruption and the jockeying for position have the ring of authenticity.

Occasionally, though, the soap opera element borders on the ludicrous. In the preliminary blurb we were told that the series would be about "a Washington where ambition is the dark corridor to infamy". There is a vintage exchange in a scene where the head of the Central Intelligence Agency confesses to his putative mistress that he has organized the odd assassination or two:

"I did what I had to do."
"How did you do it?"
"Only one way I could."
ABC has agreed to send a

march on its competitors by running the series in the week before the new autumn schedules are traditionally inaugurated. The other two networks tried to combat the opening episode by running back-busting feature films. One was about the Hindenburg disaster, starring George C. Scott, and the other a science fiction spectacular called *Logan's Run*. Against that competition, a third of the audience is quite creditable and might improve as the week wears on.

Critics were shown the first few episodes in advance. The man from the *Washington Post* says the first series is the weakest, while *The New York Times* says it is the best. Both deplore the fact that romantic interludes too often get in the way of the political intrigue. What might deter viewers from sucking in one more episode is that everyone already knows what happens in the end.

Mr Sithole rejects Smith plan and backs Anglo-US proposals

From Michael Koipe
Salisbury, Sept 7

Mr Smith, the Rhodesian Prime Minister, today held the first meeting of his new Rhodesian Parliament since the Front won all 50 white constituencies in last week's general election.

During the election campaign, Mr Smith promised to form a new "broad-based" government involving "not violent" black leaders which would draft a new constitution by the end of the year.

However the internally based African nationalist leaders, Bishop Abel Muzorewa and the late Mr Sithole, made it clear yesterday that they would not participate in any government not elected by universal franchise.

There are no indications yet as to how or when Mr Smith will make his first attempt to formulate the broad-based government.

Meanwhile, Mr Sithole held a press conference today to announce that he has invited his nationalist rivals to their representatives to a meeting on September 17 to evolve a "unity of purpose" on the settlement issue.

The move appears to be an attempt by Mr Sithole to gain the initiative among the rival black leaders. It is unlikely that they will be a separate front either Bishop Muzorewa or the internal representatives of Mr Joshua Nkomo and Mr Robert Mugabe, leaders of the Patriotic Front.

Mr Sithole repeated his rejection of Mr Smith's attempts to form a "so-called internal settlement" and has support of the Anglo-American settlement proposals. Mr Smith had had 12 years in which to reach an internal settlement but he wanted to, and his latest proposal was an attempt to frustrate the Anglo-American proposals.

He said his group had not come to a final conclusion on the Anglo-American plans proposed but it approved the emphasis on universal adult suffrage. On balance they were "very close to the solution we seek".

However he refused to be drawn into estimating his own popular support, saying support for the nationalist leaders could only be gauged by a one-man-one-vote election. His party was dedicated to a multi-party democratic system, and he intensely opposed both the Patriotic Front and the conservative tribal leader Bishop Muzorewa.

War toll: A security forces communiqué said that Mrs Evelyn Marion Rushmore, an elderly white woman, had been killed by guerrillas in south-western Rhodesia. Two black Rhodesian soldiers and three guerrillas had also been killed in clashes. —Agence France Presse.

Moscow changes its mind on visa for Italian

Rome, Sept 7. — The Soviet Union bowed to loud complaints by the Italian Communist Party and issued an entry visa today to an independent-minded communist scholar it had tried to keep out.

Sigfrido Bignardi, son of a former President of Italy, said the Soviet authorities had given him a Russian literature expert, Professor Vittoria Strada, an entry visa to accompany him to Moscow's controversial first international book fair.

The Soviet Embassy in Rome indirectly confirmed Moscow's change of mind by saying that reports in the Italian press that Professor Strada had been refused a visa "do not correspond to reality".

The book fair has aroused controversy because the Russians have confiscated books from British, American and West German publishers, apparently because they were politically objectionable. Among those confiscated were George Orwell's 1984 and Animal Farm. —UPI and Agence France Presse.

Signing of Canal treaties at American summit

From Our Own Correspondent
Washington, Sept 7

The formal signing of two new treaties on the Panama Canal this evening, President Carter and General Omar Torrijos, the head of the Panamanian Government, will sign those important documents in the presence of scores of other presidents and prime ministers, including General Pinochet of Chile and Mr Pierre Trudeau of Canada.

Opponents of the treaty are gathering their forces for various demonstrations of disapproval; and a Catholic group of exiles will stage a demonstration against the regimes of the countries represented here, notably Chile.

Cuban exiles got in first, setting off two small fires last night. One damaged the office of Aeroflot, the Soviet national airline, and the other broke some flower pots near the White House fence. The Cubans

are not coming to the signing ceremony.

The formal signing does not commit the United States. The Senate still has to ratify the treaties by a majority of two-thirds (67 Senators if all are present). It is quite clear that Mr Carter will have great difficulty in finding the requisite number.

Today's demonstration of inter-American solidarity is meant to show the American people how important the treaties are. One of those instruments states that control of the canal will pass to Panama by the year 2000 and the other provides for its neutrality in the event of war.

The treaties are unpopular. A large majority of people, when asked, says that America should keep control of the canal. Mr Carter is seeing all the visiting leaders—and considers the occasion as an American summit meeting.

Heroin smuggled in whisky

Sydney, Sept 7. — Police today seized heroin dissolved in imported whisky and said they believed millions of dollars worth of the drug had been smuggled in this way.

Five people suspected of belonging to an international smuggling ring were arrested after police found heroin worth \$A17,000 (£10,800). —Reuter.

Indian minister ill

Delhi, Sept 7. — Mr Atal Bihari Vajpayee, the Indian External Affairs Minister, was admitted to hospital suffering from exhaustion.

Judge tells police to stop harassing Miss Mandela

From Our Correspondent
Johannesburg, Sept 7

Two security policemen have been ordered by a judge to stop harassing Miss Mandela, 16-year-old daughter of Nelson Mandela, he imprisoned African leader.

Mr Justice de Wet ruled in the Bloemfontein Supreme Court that although Miss Mandela's mother, Mrs Winnie Mandela, is a restricted person, living under house arrest in the village of Brandfort, Miss Mandela is not and may receive visitors.

He ordered the two policemen to stop preventing any of Miss Mandela's friends, medical and legal advisers from visiting her and to stop interfering, molesting or harassing her from visiting or communicating with her friends.

In affidavits, Mrs Mandela and her daughter said the security police had barged into their home, questioned and detained her friends and, on occasions, assaulted them.

The result was that Miss Mandela had nightmares, screamed in her sleep.

Leading article, page 13

Murder suspect jailed for being in France

Nice, Sept 7. — An Italian once suspected of murdering a British tourist couple was jailed today for a month for being illegally in France. Signor Walter Folie was found guilty by a Nice court of infringing a 1971 expulsion order banning him from France.

Signor Folie was arrested here on August 11 and charged with the murder of Sidney and Avis Broderick, who had been found shot in their car in the hills overlooking the Riviera two days before.

An examining magistrate later announced that Signor Folie was no longer a suspect following surprise evidence from an unnamed woman who said the Italian was with her on the night of the murder.

It is understood the murder charge against him will be lifted when police have completed their inquiries. —Agence France Presse.

Lisbon resignation

Lisbon, Sept 7. — One of two women in the Portuguese Government, Maria Manuela da Silva Secretary of State for Planning, said in an interview she was resigning because she disagreed with its political and economic policies.

Schools in France reopen under a new system

From Ian Murray
Paris, Sept 7

France's half million teachers go back to work in the morning to prepare for the 13 million children who restart school on Thursday of next week. It will be a strange new term at the first stage of wide-ranging reforms in the education system comes into force.

The reforms became law two years ago and since then M René Haby, the Minister of Education, has been preparing the way for their implementation with 11 decrees, 19 departmental orders and 20 circulars — for the most part written by himself.

The most important innovation is the creation of a single skin to comprehensive school education with a single college for secondary education instead of the previous streaming system. The old method of making children repeat a year if they failed to reach the required standard at the end of the summer term is being abolished in principle. Only in exceptional cases or at the parents' request will this now happen.

Another new scheme is the creation of a scholastic dossier which will follow a child throughout its school career, registering its mental, psychological and physical development. This is to be handed on from school to school and class

to class to give the teachers the benefit of all that is known about the child from previous years.

For the lessons themselves there is a change of emphasis away from French and physical exercise to mathematics and outside activities to widen a child's outlook, industry visits to museums. Classes will be reduced from an hour to 50 minutes in the first year of the secondary school and examinations will be reorganized to reduce from 12 passes to 10 for the baccalaureate.

One intention of the new scheme is to reduce the class size to an eventual maximum of 24. This will have the added advantage of reducing the numbers of unemployed teachers. An additional plan is to have one or two extra teachers attached to a school to look after children needing special care.

One particularly strong area of the French education system — that of nursery schools for children — aged from two to six — is being further reinforced. At present 78 per cent of children in this age group attend school. The aim is to increase this to more than 90 per cent of those over three by 1980. This year an extra 2,316 nursery school classes are being opened.

For these schools and for primary schools a parents committee is being created as part of the school management board.

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OVERSEAS

Political outcry in West Bengal at prospect of concessions by India in Ganges water dispute

From Richard Wigg
Delhi, Sept. 7

The beginning of an agreement reached by Indian and Bangladesh negotiators on one of the trickiest aspects of the long-standing Ganges waters dispute is now threatened by a political outcry in West Bengal.

The two countries are due to resume talks in about 10 days on how to share out the waters at the driest season of the year, preceding the summer monsoon, and to go on to wider issues if they make progress.

But local political forces and interests in West Bengal, and particularly Calcutta, whose port depends upon receiving waters diverted at the Farakka barrage, situated across the Ganges, have before it enters Bangladesh, have begun to voice resistance to any concessions by India.

The Janata Government has been negotiating since it came to power last March with Bangladesh and evidently feels that business could be done with the regime of General Ziaur Rahman. Dacca also clearly sees an advantage in reaching an agreement with the Indian Government in its present mood, remembering how Mrs Gandhi did not proceed as it expected with an earlier understanding.

But the Janata Party leader in the West Bengal state assembly yesterday urged the sending of an all-party delegation to Delhi, to be present during the resumed negotiations and oppose any move to cut back on India's share of 40,000 cubic

feet of water a second flowing through Farakka, even at the driest season.

Janata was actually the last of the local political parties to register opposition. The local Congress Party had already called "on the people of the state to resist" and an important figure in the forward block, one of the constituent groups in West Bengal's Marxist Communist government, had written to Mr Doshi, the Prime Minister, alleging that India's representative in the Farakka talks had reduced India's minimum requirements to 22,000 cubic ft.

When the Prime Minister at his press conference last week said agreement had been reached on short-term sharing at the driest period, a Bangladesh Government spokesman immediately replied that only a verbal understanding had been reached on the quantum of water to be shared for the driest period of all, beginning on April 21.

He emphasized that sharing details had still to be worked out on the basis of 10-day periods through the whole of the dry season and that an understanding had to be reached on the machinery for implementing any agreement.

That sketching out a substantial field for negotiation.

It was Mr Jagjivan Ram, the Defence Minister who has been leading for India throughout this year's talks, who really alarmed West Bengal.

Speaking in Calcutta to businessmen 10 days ago, he observed that a total of only 55,000 cubic ft per second flowed through Farakka during

the dry months. "Can Bangladesh agree to taking only 15,000 cubic ft when it needs the water?" he asked pointedly.

The Calcutta Statesman, in a leading article, commented afterwards that either Mr Ram was radically changing the Indian negotiating position—which might, it conceded, be good diplomacy—or previous governments had based themselves on erroneous calculations of water flows. These, it said, had until now put the dry season flows of the Ganges at 65,000 cubic ft, together with a further 25,000 cubic ft of so-called "regenerated discharge."

The Farakka barrage waters go by canal into the Hooghly river above Calcutta. What was once India's leading port has for long risked choking up unless the Hooghly's silt is flushed out with a sufficient and regular volume of water. Bangladesh, which has also made a negotiating pitch for receiving 40,000 cubic ft, on the other hand suffers irrigation and navigational difficulties during the dry season. With the monsoons, its problems become those of flooding.

In practice since 1975 the Indians have taken off less water at Farakka than the figures now being debated, though the amounts have not been made public.

The chief stumbling block to what would after all be only the beginning of an extremely complex agreement evidently lies in now putting on paper figures which all the interested parties would accept. And if an agreement was signed there are fears it might not be kept.

Mr Teng tells of setback to US links

Peking, Sept. 7.—Mr Cyrus Vance, the American Secretary of State, did not propose to the Chinese Government during his recent talks in Peking that an American liaison office should be set up in Taiwan, an official of the American Liaison Office in Peking said today.

This appeared to be a denial of an important point in a statement reportedly made yesterday by Mr Teng Hsiao-Ping, the Deputy Prime Minister, to the representatives of the American news agency AP visiting Peking.

According to AP, Mr Teng, who had asked that he not be quoted directly, said Mr Vance had proposed the setting up of an American Embassy in Peking and a liaison office in Taipei, and that the Chinese Government had rejected the proposal, which would have reversed the current position.

The interview was granted to a delegation of AP executives and directors headed by Mr Keith Falter, the agency's president. It was the first since Mr Teng's return to office.

Mr Teng told them that efforts to normalize diplomatic relations between the United States and China suffered a setback during Mr Vance's visit last month. The talks with Mr Vance represented a retreat from proposals advanced by former President Ford and by Dr Kissinger, the former Secretary of State.

In the course of the interview Mr Teng asserted that reports of progress resulting from the Vance visit were wrong.

He also stated that Mr Ford promised in December, 1975, that if reelected, he would break off ties with Taiwan and establish diplomatic relations with Peking.

Mr Teng's reported statement about the setting up of a Taiwan liaison office had been the only really surprising point in the interview with the American journalists and it caused amazement in diplomatic circles here.

In view of the fact that no official translation of the Teng statement has been available, there is also doubt in American circles here whether the Deputy Prime Minister did in fact use the word "setback" to describe the Sino-American normalization process after Mr Vance's visit.

Despite the nuances that could eventually come to light concerning Mr Teng's blunt declarations, it is felt in diplomatic quarters that he was merely confirming Peking's growing impatience with Washington.—Agence France-Press.

Black muslims are given life sentences

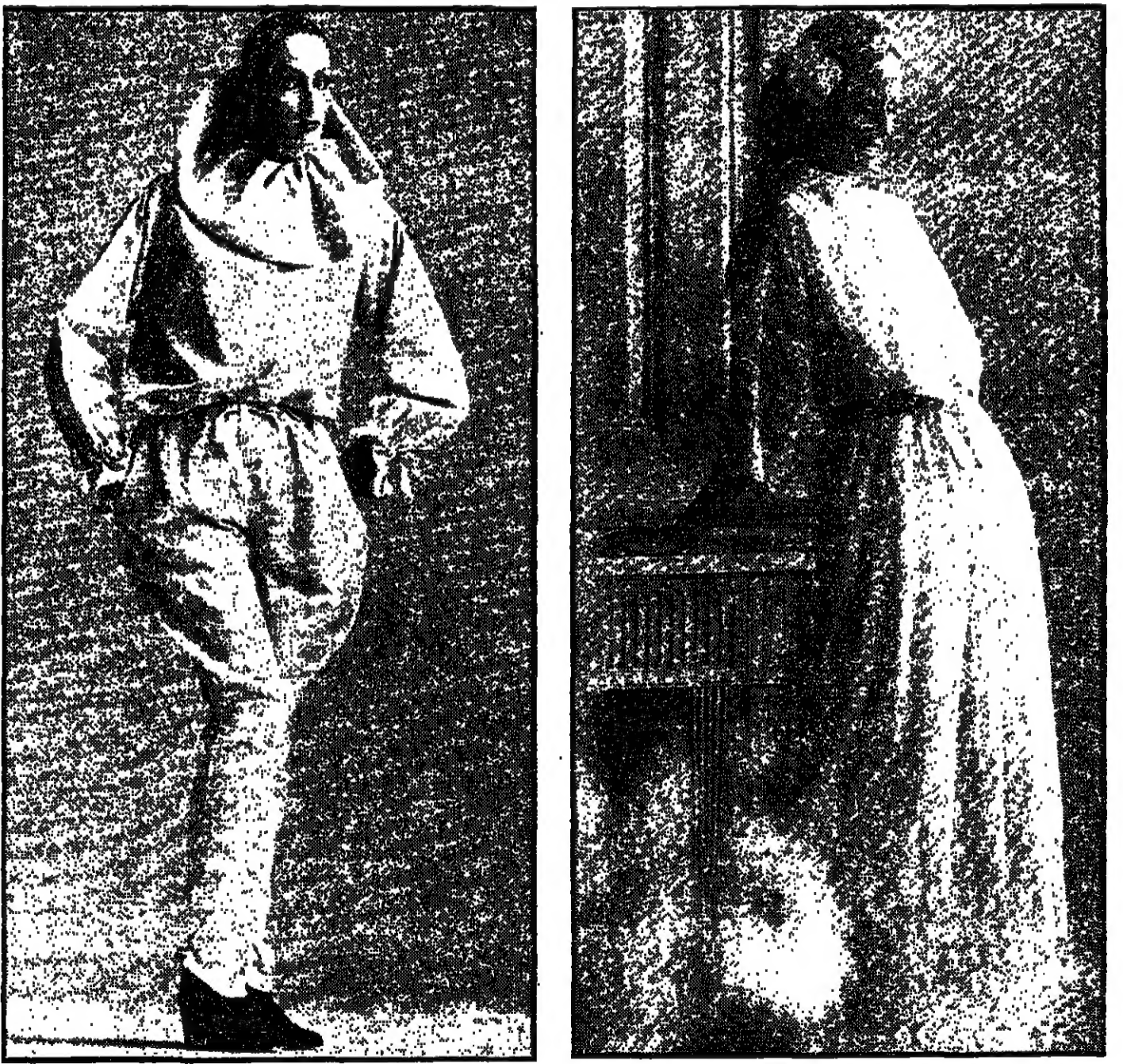
Washington, Sept. 7.—Eleven members of the Black Muslim sect have been imprisoned for terms ranging from 24 years to life for having seized 149 hostages in three buildings in March. The sect's leader, Khalifa Muhammad Abdul Khalessi, was imprisoned for between 41 and 123 years yesterday.

They were convicted in July of storming the headquarters of the Jewish charitable and social organization B'nai B'rith, the Islamic Centre, and Washington City Hall.

They demanded an end to the showing of a film about the life of the Prophet and ordered the authorities to hand over to them several Black Muslims of another sect jailed for having killed a number of Muslims some years ago.—Agence France-Press.

Fashion

by Prudence Glynn



Top: Soft mohair wraparound coat for day or evening by Sheilagh Brown. £120 at Bombacha. Grey kid gloves, £9.95 from Dickins and Jones.

Above left: Pink moiré jodhpurs, Sheilagh Brown, £48, Bombacha. Pink moiré top with drawstring ruff collar, £60 from Bombacha. Brown suede ankle boots from Bally, Bond Street shops. Photographs by John Swannell.

Above right: Lady Vestey wearing Chloé's lace evening dress, £836 from 173 New Bond Street. Photograph by Robin Laurence. Research by Sandra Barwick.

The new nostalgia is apparently for the seventeenth and eighteenth centuries. The girls wandering round Sainsbury's in tweed caps and jackets, like effete Edwardian squires off to the moors or the golf course, may presently appear in velvet breeches and face patches. The incongruity of country dress in the supermarket is the crux of the matter. If the sixties revelled in the functional, the plastic and the progressive, this decade seems to be rebelling in favour of the romantic, the natural and the nostalgic.

Among many designers whose recent collections bear traces of the eighteenth-century influence are Sheridan Barnett and Sheilagh Brown who design under the label "Jazz". This is only the second collection they have done under their own name (previously they worked for Quorum and Coopers, among others). In it they have avoided descending into fancy dress and historical costume, and attempted to convey a mood of elegance and luxury. The result is entirely original and it illustrates the move towards rich fabrics and softness of colour and cut.

Sheridan Barnett himself sees two conflicting trends in British design at the moment. "There is punk for the aggressively young, deliberately harsh, and this more mature, graceful design as well. But anyone wearing these clothes would turn as many heads as someone punk. Our clothes certainly collect stares because they are so different. You need a strong personality to go through a restaurant dressed in such a distinctive way."

They are loosely cut from extravagant materials, velvet, mohair, silk chiffon and moiré taffeta, as though yards of costly fabrics might provide psychological shelter from economic storms. The colours are gentle—pale yellows, beige-pink, grey-lavender, soft orange. It had been a successful collection, with a lot of publicity, and they are already exporting to America.

The famous French couturier label Chloé would seem as far removed as possible from Sheridan Barnett and Sheilagh Brown, living on talent, hope and a shoestring budget. Despite the disparity, Chloé's designer, Karl Lagerfeld, shows a similar source of inspiration. He has always been known for the beautiful quality of the rare materials he uses, which might go some way towards explaining the height of his prices.

The romance of the ages of Cavaliers

and highwaymen had clearly struck him forcibly in his last collection, although at times he was dangerously near straight copy. The only point at which he (accidentally) approaches the light hearted grotesquerie of Fellini's *Casanova* is in the huge Puss-in-Boots leather and satin boots worn with some of his dresses, resulting in three-inch humps on each thigh whenever the Chloé wearer bends her leg. When he is not simply playing wardrobe mistress, his clothes are soft, feminine, wearable and beautiful in a dreamy way. For the first time a shop entirely devoted to his clothes has opened in Britain, at 173 New Bond Street, W1 (493 6277).

Meanwhile, if your interest in the era has been aroused, there is a small exhibition at the National Gallery of portraits of Queen Charlotte, the almost forgotten wife of George III, who was sadly convinced that the nation never took to her because she was not pretty. Caricatured mercilessly during her life for her love of glittering jewelry and her supposed obsession with housewifely tasks, she has the authentic Fellini ring about her. The exhibition, A Royal Subject, is open free of charge until October 2.

Quebec law is defied by parents

From John Best
Ottawa, Sept. 7

Widespread defiance of a recently passed Quebec law restricting the teaching of English marked the reopening of schools in Montreal yesterday.

Pupils whom the provincial Government says should not be taught in English walked in with those officially eligible for teaching in that language. There were no incidents.

The air of normalcy belied the bitterness and indignation building up over the new law, which the Government of the predominantly French-speaking province pushed through the Quebec legislature recently.

Under the legislation, the only students eligible to be taught in English are those who were already receiving English-language instruction, those with an older brother or sister in the English-language stream, or those with at least one parent who attended an English-language school in Quebec.

Mr René Lévesque, the provincial Premier, who heads the Parti Québécois Government which wants to lead Quebec eventually out of the Canadian Confederation, has described the registration of ineligible students as "administrative civil disobedience."

He says it will not be tolerated, and has threatened unspecified measures to counter it. These could include a cut-off of the \$1,200 (£636) per pupil Government grant in the case of pupils illegally registered, and withdrawing of graduation diplomas at the end of the school year.

There is as yet no sign that the Government is prepared to send in the police to remove students from English schools and forcibly transfer them to French schools. Any such action would inflame an already emotionally charged, though outwardly calm, situation.

English-language school boards, Roman Catholic and Protestant, together with principals, teachers and parents are engaged in what amounts to a massive conspiracy to look the other way when it comes to applying the new law.

Family arrested for links with guerrillas

Buenos Aires, Sept. 7.—An Argentine family of five, reported kidnapped in northern Argentina by 12 armed men, is under arrest for alleged links with left-wing guerrillas, the Argentine Army reported last night.

It is said Señor Alejandro Densch, aged 57, and his family were "detained" for presumed connections with subversives.

The project has been studied on and off since the beginning of the century when Sudan was administered by Britain and Egypt. It was proposed after experts noticed that the waters of the White Nile were being lost in the Sudd marshes.

In 1938 an ambitious project was devised to regularize the White Nile's flow from Lake Victoria through a series of dams. But the Second World War and Sudan's civil war effectively killed the scheme.

Later, a Sudanese-Egyptian study evolved a more modest plan and contracts were signed with two French companies for the work.

For the Sudanese Government the advantages are many. It will recover about 5,000 million cubic metres of water, being lost every year, prevent flooding; and, it is hoped, turn the region into a granary. The canal should also create more jobs and improve livestock rearing conditions.

Drought worsens food shortage in SE Asia

From Neil Kelly
Bangkok, Sept. 7

A prolonged drought is causing concern in several regions of South-East Asia.

It is now falling but for the second successive year they have come late and may be insufficient. Food shortages, already serious in Vietnam, Laos and Cambodia, are expected to widen and grow worse by the end of the year.

Travelers from Laos report that signs of malnutrition are visible in the west of the country, the area most afflicted by the drought. The communist rulers have conceded that the food situation is "disturbing".

Urging the people to eat less, the official party newspaper said: "Each grain of rice should be considered as precious as a cartridge in times of war."

The drought is a calamity for Laos which is still suffering from the little rice last year. In addition, foreign trade and aid and a chaotic currency system have produced an economic crisis.

Laos attempts to increase exports and to take foreign aid are being frustrated by Thailand's unofficial blockade of their common border.

Both the Vietnamese and Lao communists have admitted that serious mismanagement of agriculture has worsened their situation.

An extraordinary session in June of the Communist Party Central Committee in Hanoi appointed a new Agriculture Minister, and since then the Government has begun enlarging food-growing areas as well as trying to disperse the population from the Red River delta and from Ho Chi Minh City (Saigon).

It is also seeking supplies of foodgrains abroad, either by purchase or as aid. This week

120,000 tonnes of winter wheat was bought in Canada and shipments to Vietnam are to start in October.

Food shortages are reported to be responsible for the recent sharp increase of refugees fleeing north from the south of Vietnam.

In both Thailand and Malaysia rice and other grain production will be below expectations, and perhaps needs this year because of drought. In northern Malaysia, for instance, hundreds of square miles of rice died when just beyond the seedling stage.

Artificial rain-making has been tried repeatedly by the Thais in recent weeks but with little success. They have already exported 2 million tons of rice this year and have contracted to export another 300,000 tons by the end of the year.

The worst hit area in Thailand is the north-east, where less fertile land and uncertain rainfall make this the poorest area of the country. It is also the most sensitive politically. Communist insurgency began there 12 years ago and the Government still regards this activity here as the most serious internal threat.

Prospects of reduced income and food in the year ahead for small farmers and for the north-east population generally may produce fresh social and political difficulties.

Thousands of small farmers, unable to farm their parched paddy fields, have flocked into Bangkok in recent weeks in search of work. Since the rain began to fall some have returned home but many have stayed in the capital, where they have little chance of finding jobs or even accommodation.

The trials are part of the Polaris improvement programme which the Government hopes will maintain the aging system as an effective deterrent until the late 1980s or early 1990s.

Details of the programme are secret. But it is believed to involve increasing the number of warheads on each missile, from three to perhaps six, with the addition of decoy, dummy warheads to confuse enemy defences.

There is also a question mark over the supply of Polaris missiles when the United States begins phasing them out of its own navy in a few years' time.

Britain conducted a nuclear test in connection with the programme at the American underground test site in Nevada in 1974. A second test was made in 1975.

A decision to extend the life of Polaris for as long as possible—instead of buying an early successor from the United States was taken by the Conservative Government in 1973 and confirmed by the present Government the following year.

The improvement programme is only a temporary measure, however. The Government still has to decide what to do when the four submarines armed with the missile near the end of their cost-effective life in the late 1980s and 1990s.

There is also a question mark over the supply of Polaris missiles when the United States begins phasing them out of its own navy in a few years' time.

Details of the programme are secret. But it is believed to involve increasing the number of warheads on each missile, from three to perhaps six, with the addition of decoy, dummy warheads to confuse enemy defences.

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Test-firing in Florida for British Polaris tomorrow

By Henry Stanhope
Defence Correspondent

Britain's improved Polaris missile will be fired in the United States tomorrow, the first in a series of tests planned over the next few years. It will be fired from a ground launcher at the Space and Missile Test and Evaluation Centre at Cape Canaveral, Florida. No nuclear warheads will be used.

The trials are part of the Polaris improvement programme which the Government hopes will maintain the aging system as an effective deterrent until the late 1980s or early 1990s.

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Ecologists oppose plan for canal in Sudan

Nairobi, Sept. 7.—Plans to construct a canal in southern Sudan has led to a clash between ecologists and advocates of development.

The Jonglei canal, 175 miles long, and 22 yards wide, is designed to short-cut the huge loop to the west made by the White Nile between Juba and Malakal. But ecologists argue that while it should bring great economic benefits to Sudan it might have harmful environmental consequences elsewhere in Africa.

The project has been studied on and off since the beginning of the century when Sudan was administered by Britain and Egypt. It was proposed after experts noticed that the waters of the White Nile were being lost in the Sudd marshes.

In 1938 an ambitious project was devised to regularize the White Nile's flow from Lake Victoria through a series of dams. But the Second World War and Sudan's civil war effectively killed the scheme.

Later, a Sudanese-Egyptian study evolved a more modest plan and contracts were signed with two French companies for the work.

For the Sudanese Government the advantages are many. It will recover about 5,000 million cubic metres of water, being lost every year, prevent flooding; and, it is hoped, turn the region into a granary. The canal should also create more jobs and improve livestock rearing conditions.

An all-weather road running alongside the canal is also planned.

The canal will affect the lives of 250,000 people in the region, some in permanent settlements, others nomadic. Ecologists see

the end of seasonal flooding with its impact on agriculture and fishing and the canal's dissection of the land as a direct threat to the traditional way of life of the local Dinka, Nuer and Shilluk tribes.

The ecologists also argue that the impact of the canal will not be confined to Sudan. The flow of the Nile's tributaries will also be affected, they claim. The canal could influence evaporation in the Sudd region and consequently rainfall, which is barely adequate for many zones, threatened with encroaching desert.

But Sudan maintains that all the necessary research has been carried out at a cost of £11m—and the environmental impact of the canal will be minimal.—Agence France-Press.

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NEW BOOKS

Three wars in one

Wartime By Milovan Djilas

Translated by Michael B. Petrovich

(Secker & Warburg, £7.95)

Milovan Djilas lives again through the horrors of Yugoslavia's war that was three wars in one: the enemy occupation, the ghastly civil strife, and—bound up with the civil fighting—the communist revolution. It is a personal story but is so deeply felt and so finely written that it raises on a reader's mind universal questions about the springs of hatred, vengeance, ambition, the urge to kill, and the acceptance of death. How could men and women behave as he describes, and as he did himself?

Djilas opens slowly as he recounts the partisan's first amateurish challenge to the German and Italian invasion and their failure of morale after their early defeats. More detailed maps in the book would have helped to straighten out the account of those early months of confusion. But, later on, when Djilas comes to the main fighting among the high crags, rivers and mountain villages, I can think of no clearer picture of guerrilla life. It is a story of guerrilla endurance, hunger, comradeship, inner loneliness, and the isolation from the world of the partisan in many feelings of fear. Djilas was in the thick of it as one of Tito's chief lieutenants. His worst time was when, in retreat, he had to leave behind many of his wounded men, knowing that they would be murdered by the enemy.

He comes back several times in anguish to the murder of prisoners and the massacre of villagers during the civil war. Even prisoners who were returned to Yugoslavia by the western allies after the main fighting was over were shot. Who issued the order for this extermination? Who gave the order? I don't know. It is my belief that a written order did not exist... An atmosphere of revenge prevailed. The Central Committee did not decide that.

In seeking the blame Djilas renews his former warnings against the rule of "monolithic ideological revolutions, even though they have the idealism and idealists." It is true that the fatal push towards utter mercilessness was given by the Nazi creed on the one side and by the example of Stalinist communism on the other. But in fact older compulsions of behaviour had also taken over in a society where memories of ancient feuding were still fresh and where—most decisive of all, I should say—the sheer weight of events broke down the fences of order. The lesson is frightening.

Half way through his book—the third volume of his memoirs—Djilas gives a carefully drafted account of one of the most startling and least known episodes of the whole war. In March 1943, between two heavy German offensives, two authorized Djilas also gave several talks with the German military authorities. Behind the white flag with him went Koca Popovic, later Yugoslav foreign minister, and Vasko Velebit, later ambassador in London. Ostensibly the talks were concerned only with the exchange of a few prisoners. Djilas discloses much more. The Yugoslavs, he writes, were instructed to tell the German command that they regarded Mihailovic's Chetniks as their main enemy; that a cessation of fighting between Tito's men and the Germans "was to be understood"; and "we didn't shrink from declarations that we would fight the British if they landed." Djilas maintains that much of all this was tentative and conjectural. The Germans assessed it differently at the time. According to German military documents quoted by Walter R. Roberts in his *Chetniks and the Allies* (Routledge University Press, 1973) the Yugoslavs said outright that they saw no reason to fight the Germans except in self-defence, and they even left a signed document proposing a truce that would free them to fight the Chetniks. Djilas himself admits that Tito, by stopping his attacks on the Belgrade-Zagreb railway, met one of the German conditions for a truce. Hitler put his foot down on further talks.

Djilas's first hand account of the very strange encounter is only one of the many chapters that make his book so valuable.

Iverach McDonald



Radiant motherhood, 1926.

Smother love

Marie Stopes by Ruth Hall

(André Deutsch, £5.95)

'Papa spoke with Christ nineteen hundred years ago. God spoke with me today.' Thus, in June, 1920, Marie Stopes to the Anglican Bishops attending the Lambeth Conference: such conviction of righteousness is given to few, and before we thank God for being so sparing with His direct dealings, we'd better pause to consider just how much worse off we'd be without Dr Stopes and her like. When the redoubtable doctor died, a three-ton lorry conveyed her personal papers to the British Museum. She threw nothing away, and some of what survives reveals her as a manipulator and a wrecker of other people's happiness. She wasn't at all a nice lady, but then, no nice lady could have taken on Dr Haldane Sutherland and used the immense publicity resulting from his prosecution for libel to launch the campaign for birth control in the teeth of the opposition.

She was ridiculous, too, with her soppy plays—thinly disguised biography, most of them, such as *Ernest's Immortality* about a young woman who yearns to bear a soldier's son for the sake of the Race—and her truly awful poetry: 'Keith, Keith, Keith, sheeny wood pigeons are calling.' She wrote to a young friend, who later became her second biographer, her first was Aspin Maude, who wrote virtually to her dictation, and lived with her platonically, poor soul, until it suited her to turn him out to make room for her first husband. She wrote *Married Love* when she was still a vir-

gin, after five years of marriage, and her second venture into wedlock was hardly more successful than the first. *Enduring Passion* and a son of whom she was insanely possessive resulted from her union with Humphrey Verdon Roe, a kind shy man who bought her a large house or two, to which she later denied him admittance: 'I cannot cope with you this Friday.' No flowery adjectives softened that communication.

There couldn't be a better subject for a biographer; whatever her failings, she was never dull. Ruth Hall has a proper respect for the lady's brilliance—her researches on coal are still considered a model of the kind—and her courage; she writes with cool but never cheaply dismissive wit, as when Marie offers to confront the striking miners on Lloyd George's behalf:

'Bullies,' Marie wrote, 'are cowards and I won't hurt the creatures as all but if they... are made to listen to me would only be a question of hours before they yield.'

Marie may well have been right in her estimate of the miners' inability to withstand several hours of listening to her. Rightly though, Ruth Hall has direct condemnation of the nastiest aspects of her programme—Marie thought all half-castes should be sterilised 'for the good of the race', and direct praise for the finally significant insight, even expression in *Married Love*, and time and echo in the minds and consciences of men as well as women: 'A woman's body and soul should be essentially her own.'

Edward Candy

Brother love

God's Apology

A chronicle of three friends, By Richard Ingrams

(André Deutsch, £5.50)

Hugh Kingsmill, Hesketh Pearson and Malcolm Muggeridge were friends, and Richard Ingrams has written a book about their friendship. None of them would, probably, justify a full-length biography: Kingsmill never commanded a large readership; Pearson, though always readable, never produced a really masterly biography; Muggeridge, immeasurably the best known of the three, is still a biographer's nightmare. Ingrams has achieved his greatest success in the medium of television, a fact which appears to have embittered him permanently. Ingrams' biographical sketches are of about the right length. On the other hand, the structure of the book does not allow him room—or offer him the opportunity—to go into much detail about their lives.

What it does offer is the opportunity for an extended essay on the nature of friendship. Kingsmill and Pearson, and later Muggeridge, shared the kind of passionate friendship exemplified by, say, Tennyson and Hallam, which disappeared almost altogether after 1918. In a way, one is filled with envy: that two men should feel that a day on which they did not meet was a dead day; that one of them should have felt such joy as his friend's 'solid figure loomed up and he began to wave and shout his cheerful

greeting—'Hullo, old man, hullo.' 'Never have I seen him' (Muggeridge wrote of Kingsmill 'without a warm rush of happiness. He created this feeling—a delight in the prospect of his physical presence—more warmly than anyone I have ever known.'

All this without any overt sign of sexuality. Yet who can doubt after reading of the three friends' fits of giggling, the violent quarrels over nothing, the reliance on each other's approval, the sense of not the language of their letters, that their friendship had a suppressed sexual connotation? This flavour comes across despite Mr Ingrams, and it would have been better if he had tackled it head-on. In a sense it does not matter in a course; but the implications should surely not have been left completely unexplored, if only to clarify the apparently unresolvable position of the three friends. How did they feel about the inseparable triumvirate?

Well, we are not told, and in fact Mr Ingrams does not go to the roots of the friendship. His book remains on the superficial level of Kingsmill's remark that 'friends are God's apology for relations', and while it is pleasant and amusing—the author is an extremely good autobiographer, can 'gut' a book adroitly and evaluate it keenly, and tells many good anecdotes well—one can only regret the gaps. The fact that the three friends would undoubtedly think it an admirable book may be the fairest criticism.

Derek Parker

With sweep and vision

The Honourable Schoolboy By John le Carré

(Hodder & Stoughton, £4.95)

I think it may justly be said that with this book the spy novel comes of age. There have been in the present phase of the art, the phase that sprang from the popularity of James Bond and got into its stride with the reaction of Len Deighton and Le Carré himself against that brand of slick nonsense, a fine number of excellent books. But they have, even the best of them, been limited. They have been in essence single point-of-view books, following a single agent or tracking out a single adventure. But now Le Carré has produced something on a whole new scale. He has used a spy story—and this is a splendid one in all sorts of ways—to do more than simply spin an exciting tale, more even than illuminate a particular facet of the human mind, though this does that. He has used it to penetrate a whole world in the way of the great comprehensive novels of the nineteenth century.

It is a big book, and not only in length though it runs to more than 500 pages of meaty print. But the scope is necessary. If Le Carré wanted to show the spy ethos, and its implications, he would have had to write a society novel that he needed the large canvas he has boldly taken. Here is the espionage novel with sweep and vision. Whether the ambitious size of the undertaking is reflected in an equally

ambitious success is another matter. Finally a book's achievement is to stay in the memories of its readers, and a mere reviewer is in the nature of things not able to say definitively whether any work he has only just reached this level. But I strongly suspect that in ten years' time, or 20, some images, perhaps many, from this heroically sweeping novel will be there in my mind still.

Certainly many of the obvious qualities needed to attain that distant achievement are present. The book has, to begin with, a serious outward theme, a plot that could happen in today's world and which would be of weight if it did, an opportunity for a Philby coming out of the East to hard-penetrator Red China. How much better this than the standard mumbo-jumbo about the KGB. And Le Carré has done his homework on the largely unknown field with four remarkable industry. But, notice that his masses of acquired knowledge are put only to fictional use. This is none of your handbook on elementary espionage masquerading as a novel. It is a novel, working in the novel's proper way, by facts sublimated into a consistent fiction. Take one small example from many. There is a description of a storm coming up in Hong Kong at night, a short passage but beautifully done. But it is not used to give a quick topographical thrill; it is used to light up a movement in the mind of one of the protagonists.

There are many other

passages of fine descriptive writing, a simple thing like crossing by launch from Hong Kong to an outlying islet or a more extended piece following the footsteps of an old 'Nam hand up to the fog-foggingly fluid front lines of the Korean war. This last incorporates a wonderful portrait (is it one of the things I shall remember in 1997?) of the battle-weary war correspondent, one of those round whom the espionage tentacles curl, a sketch only in length but written with penetrating compassion. And up and down the stretch of the book there are dozens of similar pieces of empathy, creating its large and varied world. Add the gift through all the pages of simple readability, subtract if you must something for the tic of obnoxiousness almost everything, from shadows (pavement artists) to journalistic fabrication (forging), and you have a massive fictional feat by any standards.

But one thing more must be said. The book has its inner theme, its particular aspect of existence to light up, gradually emerging. It is the terrible dilemma that espionage as such poses, the dilemma that crouches at its heart and snakes out its tentacles: how is it possible to defend humanity by inhuman ways? How find truth in a world of lies? How find a way out of the conspiracy? That finally is what all the 500 pages are about, and its urgent question justifies every one of them.

H. R. F. Keating

Great Granny Webster By Caroline Blackwood

(Duckworth, £3.95)

Janine

By Philip Callow

(Bodley Head, £3.50)

Chariot of Fire

By E. E. Y. Hales

(Hodder & Stoughton, £3.95)

Caroline Blackwood's new novel describes a family figurehead of the wealthy, ungenerous, angular Great Granny Webster whose cavernous brown villa in Hove admits neither sea air nor visitors save (briefly, as a child) the narrator of this book—a person we know merely as the owner of a keenly observing ears and eyes.

She is the instrument of Miss Blackwood's method which is not to plot, but to recount. To create, by an accumulation of fine detail, the effect of a family madness whose thread has spun from the dry flesh of Great Granny Webster through her descending stock. The madness varies in kind and degree. In Aunt Lavinia it is an excess of gaiety that extends to her finding the blood in her bathwater so perfectly disgusting a colour she cannot proceed with her suicide—something she brightly elaborates from her white satin covered bed while she paints her nails scarlet. Of more consequence to her than the suicide is the attempt of the psychiatrist to seduce her while she is drawn together by a woman with no make-up and dirty clotted hospital hair.

Her own mother, Grandmother Dummarin, spoke evil in the damp beech woods surrounding the family's Ulster estate. In a slivery nightgown she fitted through the house past and horse buckets placed to trap rainwater leaking through the ancestral roof while her husband behaved as though all were well and hired three English footmen (their liveries locked into tall bellows boots) to supervise the alternate arrival of the alternate arrival.

Thus, Jan's brother: 'His large brown eyes were full of hard insolence on top of the misery. He had no intention of being thought weak. He was all exposed nerves and electricity as if he had been skinned alive by the process of growing up. And this, of a friend of Lowry's: "He had delved

val of dried pheasant or ham as the table.

Much of this information is gleaned from Tommy Redcliffe, a friend of the narrator's dead father and his reported speech is fashioned with such careful flatness the full horror of the emergent portrait is superbly controlled. All that could become blackly farcical or beyond belief remains credible while locked within the remorselessly steady tone of the prose. And because there is no hint of emotion in the unblinking narrative, the revelation that is briefly exposed on the closing page constitutes one of the most terrifying moments in fiction I have encountered in ages.

Some may complain Miss Blackwood's style is that of a highly gifted reporter rather than a novelist but that is to underestimate both the imaginative quality of her detail and the architectural subtlety with which she builds it into her text. I find her unique and utterly compelling.

Philip Callow's central character, David Lowry, is a child, a misadventure since Janine is neither central nor called Janine, but Jan is, like Granny Webster, gripped by a silent emotional fury.

Unprepossessing, nearing 50, newly divorced, I could neither like Lowry nor pity him. His conversation is so boring, his attitude towards women so petulant or cruel that I could not imagine how a fragile, injured 19-year-old could accept his initial invitation out let alone elect to live with him unless one accepts that the injured are drawn together by a mutual craving for further mutilation. But while the book lacks both event and a necessary inner logic, Philip Callow's writing has a consistently vicious excellence.

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into religion but only briefly. Nothing satisfied him for long. His wife had long ago lost patience with him. They had a short, unyielding marriage, ashy as a wasteland. The children, a boy and a girl, contradicted it, flowering in spite of their parents.'

If Philip Callow intends (and I think he does) to suggest that the union between Jan and Lowry is a hopeful flowering, then he fails, but his skill in depicting the bleakness between people, the alienation that can disturb and insult more potently than words, is undeniable. The coldness of portrait he achieves is peculiarly absorbing.

By contrast *Chariot of Fire* is a most congenial book that never once elicits the ecstatic goosepimple really good writing (and that includes Mr Callow's) can raise.

E. E. Y. Hales has had a most engaging idea—to send Henry Brock, of British Rail, to the realisation of his dream, the Chariot of Heaven and Hell is Dante's and its political situation largely that laid down by Milton in his epic poems. A device which both amuses and cunningly frees Mr Hales from any need to re-create the hand some himself (though it must be said he uses his blueprint well).

Henry is consigned to the Second Circle of Hell, the Circle of Romantic Passion which is grandly peopled by such as Milton, Sempronius, Tristram, Isolde, and others rather resigned to their allocation. Only Antony and Cleopatra fret, Cleopatra most especially. Prompted by Henry's professional interest in raising the limbo line, the only means they have of escaping their particular Hell and colonising one or two others. Sextus's envoy comes with negotiations of his own. So does Sister Martha, a nun most anxious to transfer a handful of deserving people to Heaven. The whole thing becomes a wild parody of the Civil Service in which Mr Hales spent thirty years.

I was not for one moment, convinced by Henry's ultimate conversion. He is not virtuous material and Heaven will plainly not agree with him, but never mind, the scheme of the book is gleefully pursued and makes for most agreeable reading.

Jacky Gillott

Quick guide

The Green, Green Grass, by Rupert Croft-Cooke (W. H. Allen, £4.95). It may not cheer an author, who needs immediate results, to know that he has written for the future. But this is what Croft-Cooke has done in the 24-volume autobiography he calls 'The Sensual World'. In this the last instalment, Croft-Cooke, now living quietly on the South Coast and partially crippled, tells us how he came to write them (many of them) as a freelance writer, and reflects on today's Britain and the land he knew in youth.

The Elizabethan Underworld, by Galvini Salgado (Dent, £5.50). 'Punks, ay, and panders/And cashiers commanders'—Professor of English at Exeter, and editor of the absorbing Penguin

anthology, *Cony-catchers and Bawdy-buckets* Salgado here draws on the rich variety of Elizabethan sources therein—Jonson, Stow, Dekker, Dee and many less familiar—to recreate an historical panorama peopled with cutpurses, spies, con-men, players and cranks, cheats. An excellent and entertaining general account, much enlivened by fine woodcuts of the time.

Bess of Hardwick, by David N. Durant (Weidenfeld and Nicolson, £6.95). Hardwick Hall is one of the most magical houses, and in *Bess of Hardwick* Durant is one of the simplest and most beautiful rooms: 'in all Renaissance Europe. This life of its indescribable builder, much the best documented to date, takes her from marriage to marriage and through to her time, fighting all the way for the worthy contemporary of Elizabeth I and Catherine de Medici she was.' By the end of the last century, almost every noble family, including the royal family, had Bess's blood diluted in their veins.' Not bad from a starting capital of £60.

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DAVID & CHARLES BRUNEL HOUSE NEWTON ABBOT DEVON

The hard man

A Sense of Freedom

By Jimmy Boyle

(Corgi, £3.95; Pan, 30p)

It is understandable that Jimmy Boyle is the star prisoner in the Special Unit of Scotland's Barlinnie prison. After all, only a few years ago, he was known as 'Scotland's most violent man' and yet now he appears as an articulate defender of the Barlinnie experiment and as a good enough prisoner to mount his own exhibition. What is the secret of the transformation? Did Boyle always have some artistic sensitivity behind his brutal life-style? Does Barlinnie have some magic formula for un-criming such talents in hard-core 'cons'? This book doesn't really give us the answers. The villainous Boyle

who struts through the first 13 chapters—the fighting, the murdering, the beating, the heavy, unexamined sense of righteousness, his immunity to ideas of pain and suffering, which makes sense of a life style based upon savagely beating anyone who even remotely threatens one's claims to toughness. So real does Boyle make this mad world, that the reader almost begins to share the equanimity with which he takes out a rival's eye with a bottle or relates a friend's injury: 'He had a slash wound running the length of his face but when the blood was wiped off it was only a superficial cut and though it would leave a fine mark it wouldn't leave a bad scar.'

The appalling credibility of all this, the way in which the violence weaves through every day life, drinking, playing and party-going, gives added strength to his account of how hard-core is actually inflated by institutional attempts at spirit-breaking. The prison officers' own attitudes to violence locks them into a terrible *folie-à-deux* with those they claim to be rehabilitating. It's a book which eventually tells us as much about the violent offender, and about his dependence upon culture rather than genetic promptings, as John McVie's recent autobiography, and that is quite enough to lift it above a few thousand academic phrases on the same subject. Barlinnie prison has a promising social scientist as well as a resident sculptor.

Laurie Taylor

An exhibition of the sculpture of Jimmy Boyle is at Old St Paul's Church, Jeffrey Street, Edinburgh, until Sunday.

NABOKOV
His Life in Part
ANDREW FIELD
'Easily the best portrait we have,' *Alex de Jonge, Sunday Telegraph*
'The book displays manifest strengths and gifts, such as linguistic flair, literary insight, originality of approach, deep personal involvement.' *Eric Sams, New Statesman*
HAMISH HAMILTON £9.50

'We don't aim to establish in Britain an East German or Chinese regime...'

Revolution is the Socialist Workers' way to create their 'ideal society'

The Socialist Workers Party, like the National Front, which its name has often been linked in recent reports on political violence, is growing fast and has now reached a crucial stage in its development. It assumed its new name at the beginning of this year, after 26 years as the International Socialist, to indicate a change from pressure group to party politics. The party is certainly the most significant of the various groups on the far left. It is actively involved in a number of trade unions and was the main organization behind the "Right to Work" march to Blackpool on Monday.

The SWP regards itself as the only genuine communist party in Britain, standing in the anti-Stalinist tradition of the Communist International. It was formed, as the International Socialist, in 1950 by a small group which broke away from the British Communist Party which included Mr Duncan Hallas, the SWP's present chairman. Mr Hallas, who is now 51, was an engineering apprentice in Manchester who had come into left-wing politics in the 1940s via the Young Communist League.

The International Socialist movement was founded as a reaction against the creation of satellite states by the Soviet Union and the continued domination of Stalinism in the communist world after the Second World War. As Mr Hallas puts it, "We developed as a tendency on a simple basis: socialism is about the emancipation of the working classes. We were against the authoritarian state socialist regimes of Russia and Eastern Europe."

Through the 1950s and most of the 1960s, the International Socialist was a small group dominated by students, many of whom were recruited through the Campaign for Nuclear Disarmament and the anti-Vietnam protests. They attempted to infiltrate the Labour Party and had virtually no presence in the trade unions or industry. In the past few years there has been significant recruitment of workers and a consequent change in tactics. There is no longer any interest in infiltrating the Labour Party. Instead the SWP is now, for the first time in its career, seriously trying to build up a mass working class movement in Britain which will ultimately bring about a revolution.

Mr Hallas regards this as a feasible strategy because he believes that the ending of econo-



Mr Duncan Hallas and members of the Socialist Workers Party: "people must participate".

mic expansion in Britain in the past few years has fundamentally altered the political outlook. Specifically he feels that it is causing the collapse of reformist socialism and leaving revolution as the only option. In the boom conditions of the postwar period, he says, the dominant socialist philosophy was expressed by thinkers like Anthony Crosland, and revolutionaries were reduced to the role of commentators and propagandists. Economic expansion meant that everyone could have more, so the built-in conflicts in capitalist society were eased and obscured.

Now, Mr Hallas believes, these conflicts are coming to the fore. The Labour Party has aroused expectations among the people that cannot be satisfied. With the collapse of the Keynesian system, reformist socialism no longer has any appeal. The field is open for the revolutionary approach. He says: "We believe that the development of a new socialist system, by which we mean both economic stagnation, and the social and political conflicts to which it gives rise, makes it possible to think in terms of developing a sizeable and serious revolutionary socialist party in a way that was not possible 20 or even 10 years ago."

The political thinking of the SWP is cast in a classic Marxist-Leninist mould. It wants to see the establishment of a classless society and a planned economy with democratic control by the producers.



Production would be organized not on the basis of creating wants, as now, but on the basis of satisfying existing wants. The monetary element in the economy would be progressively reduced, leading to the eventual abolition of the wages system. Ideally, the party, which is strongly internationalist, would like to see this brought about as part of the creation of a new world-wide economic social order, but it accepts it might initially be confined to Britain.

It is difficult to establish from the SWP how its ideal society would operate. Mr Hallas simply says that it would develop naturally out of the revolution which it initiated, and that it is impossible for people brought up with the competitive ethos drilled into them to imagine a society based on totally different foundations. There are no existing societies which Mr Hallas can point to as exhibiting the kind of features he would like to see in Britain. Russia and other East European countries, though operating planned economies, are condemned for their totalitarian political systems. Mr Hallas talks admiringly of the wartime economy in Britain, where planning replaced the profit motive, and his hero is Robert Owen.

In true Marxist fashion, the SWP looks forward to the withering away of the state. How, then, does it see essential tasks of administration

being organized? Mr Hallas answers: "Government will run through representative institutions that are thrown up in the course of the struggle with the abolition of the distinction between executive and legislature, and of the hierarchy of ranks that now exists to preserve the status quo, with an armed people as opposed to armed forces separated from the people."

The key features of the SWP's political system would be absolute self-government and participatory democracy. "You can't rule yourself by voting once every five years," Mr Hallas says. "To rule oneself, one must participate." He cites the Swiss cantons as an example of a self-governing democratic society. He stresses the need to devolve and diffuse government and authority so that ultimately no man has power over any other. He accepts that the SWP would like to see established, but Mr Hallas advocates an expansion of services provided on a non-monetary basis, so that the principle on which a book is borrowed from a public library is extended to consumer goods. For him, "the idea is to break the drive to competitive accumulation which dominates our society, and the Russian one just as much."

How is this to be accomplished? Mr Hallas says: "We are out to build a mass working class socialist movement on the basis of participation in

struggles against all kinds of oppression."

During the past few years the Socialist Workers Party has been involved in industrial disputes. It has organized groups in the car industry, the docks, the railways, and has established a presence in the miners' union, the National Union of Teachers, and the National Association of Local Government Officers. It played a part in the recent engineers' dispute at Heathrow, the docks wage claim, and disputes at the Chrysler car firm.

The SWP's involvement in the struggle against racism has involved it in taking a leading, and often violent, part in opposing the National Front. Mr Hallas believes the Front is building a mass following on the basis of discontent. He says: "If there isn't an effective left-wing alternative, at a time of crisis they will either take power or be lifted into power and play a major role in a right-wing coup."

He does, however, accept that both the Front and his own party are growing for the same reason, because of the erosion of the Labour Party, and that both organizations are gaining particular support from the young unemployed.

There are certainly similarities in outlook between the Front and the SWP. Both share the view that there is no freedom of the press in Britain since newspapers are controlled by a small group of very rich men. Both regard the policies of the three main political parties as irrelevant to the real issues facing Britain in 1977, and both have equally apocalyptic views of the future.

Mr Hallas predicts increasing polarization in Britain, with the Tories moving further to the right, the National Front continuing to grow, and the Labour Party moving to the left, having lost the next election. He believes a leftward moving Labour Party will encourage the growth of the far left since it will change attitudes among working people. He says: "This polarization in the end must lead to a fundamental conflict in society which will mean a transformation of the political system, a revolution, or a right-wing military fascist regime. I don't believe that the fat cushions our bourgeois democratic system is there any longer. The alternative is simply socialism or barbarism."

Ian Bradley

Praying for another Cluny in the church at Esztergom



Cardinal Lékay

Two small figures walked through a narrow door in the wall of the seminary. Both wore dark grey suits like thousands of elderly men in Budapest. The grey hair of the tallest one shimmered in the bright sunlight. The clock struck one when the people working at desks in the seminary entrance hall, and the room beyond, got up and greeted the two men as they walked through. I inquired of Cardinal Lékay's secretary who they were. Astonished, he replied: "Don't you know the cardinal? It was he, and his Esztergom secretary, Father Horváth. He will receive you in a few minutes."

Esztergom was the first capital of Hungary; the Cardinal, in the old days he used to be called the Prince Primate—has his palace there. Half of it is a splendid museum, containing the treasures collected by the Princes Primate of Hungary throughout nine centuries.

By the time I was shown into a small room which served as the office of Cardinal Lékay, he had changed into a plain black cassock, only the cardinal's belt and a cover indicating his high office.

For a few minutes we talked about trivialities—he was putting me at my ease. Correctly he guessed that I was moved to be in the presence of the Cardinal of Hungary, who was Cardinal Mindszenty's secretary during the Nazi era, and is now his successor. He could not have been more different from the previous holder of that great office. Both came from peasant stock. Cardinal Mindszenty's father had tilled his 18 acres of land, Cardinal Lékay's had sat behind his potter's wheel to earn enough at least to feed his large family. But while Cardinal Mindszenty regarded it as his main duty to preserve the law and traditions of old Hungary, Cardinal Lékay is vigorously determined to adapt Hungary to the new conditions, yet carrying into the future the essence of the Roman Catholic faith. Outward ceremonial has been reduced to a minimum.

I asked the Rev Cardinal Archbishop—as he wishes to be addressed—what percentage of the children of Hungary received religious education, and of these what percentage remained practising Catholics. "That varies greatly," he said. "In some areas, for instance among the Palocs in northern Hungary, it is up to 80 per cent; in other areas it is as low as 3 or 4 per cent. I have not been able to carry out a census to find out the exact figures. The national census does not carry this information. But I hope one day—soon—to obtain an exact picture."

You see, so much depends on the parents and the grandparents. In so many families both parents are at work, although the government is giving most generous aid to the little mothers—as we call those who bear several babies. I believe nowhere else do young mothers receive such generous support.

And are they getting value for their money? "We did not buy cars just elected him," replies Mr Doug Fraser, the author's secretary. Much the same might now be said of Mr. Callaghan's Government, but that does not stop American union leaders casting some looks across the Atlantic.

Specific issues can unite a coalition of the unions, coloured groups, environmentalists and other progressive forces, but "there is no chance in hell of a Labour party here," is the usual prediction of Mr. John Heine, secretary of the California AF of L CIO. His state policy paper reads like a Fabian manifesto, minus nationalization. But without a party to carry it through he is in a less powerful position to implement it than his English counterpart.

Paul Routledge

Labour Editor

attitude of the older people of the community, and on the manner in which they have brought up their children. We need priests with a different training—priests who understand the problems of their flock and approach them in the spirit of the world in which we live. They must preach serious, which interest the faithful—which provide them with answers to questions that beset their lives. Everyone in Hungary has enough to eat and to cover his or her body, but life is not easy. Unless a priest can provide help and inspiration, he cannot have any influence over his flock."

I told the cardinal that in Budapest, gossip had it that as a result of the visit of Mr Janos Kádár, First Secretary of the Communist Party, to the Vatican, two new Roman Catholic schools would be opened.

"It is not true," he replied.

"In fact, I do not want any new Catholic schools at this moment, because I do not have suitable Catholic teachers. I do not want teachers of the type we had in the old days; they are not suited to present day conditions. I want teachers who carry the Bible in one hand, and the day's newspaper in the other. They must be part of the present world, know its views and principles, its advantages and its difficulties. They must be able to hold the interest of children who live in this world, and teach them by modern methods and in the modern spirit so as seldom to have to punish them."

Modern teachers must know the answers to modern problems; they must know what to learn with a materialist world, and how to inspire their pupils—whatever subject they may be teaching—with a higher, more spiritual point of view.

"But we are opening a home for old people, with 200 beds, so that lonely old Catholics can be looked after and die in dignity. We are also opening a house for retreats, on one side with accommodation for 30 men, on the other side for 30 women. This is a very great step forward."

Finally, I asked the question I had had on my mind ever since I first revisited Hungary in 1964: "Reverend Cardinal Archbishop, may I ask you how you see the future of the Roman Catholic Church in Hungary and in the world?"

He took some time before answering. "Do you recall Cluny and its great reforms in the twelfth century? Cluny originated the greatest materialism of the twelfth century. I believe that we shall have another Cluny. I pray for it—I am certain it will come."

Judith Listowel

In his article "Pity the poor bagged families" published on August 17, Oliver Southbury said that the local Government Ombudsman "currently copes each year with about 100 complaints about local authority administration." The Commission for Local Administration in England last year received 2,277 complaints against local and water authorities, made detailed inquiries about 381, and fully investigated and reported on 189.

Why American unions cast envious eyes at Britain

While the TUC agonizes over curbing the union's basic function of collective bargaining to support a Labour Government, the American Labour movement is going through a very different kind of political trauma.

Despite their unstinting support for the Democrats and President Carter during last year's elections, the unions' ability to deliver votes in Congress is ebbing at a critical juncture. Mr Ray Marshall, United States Secretary of Labour, has introduced a package of labour law reforms designed to assist the unions win wider recognition, and the opposition is proving particularly obstinate.

In a highly industrialized country where, paradoxically, fewer than one worker in four is a trade unionist, the American Federation of Labor Congress of Industrial Organizations are anxious to swing the law behind their recruiting efforts. The government proposes to strengthen the 1935 Wagner Act, the New Deal instrument that gave the unions a legitimacy not previously enjoyed, because the employers have, consciously, intentionally and habitually broken the law. With Congress dominated by

the Democrats, superficially it ought to be plain sailing. But "no," the reform package has naturally attracted opposition from the employers and their political allies who see it as an attempt to hobble managerial prerogative, and the unions are less confident of their political supporters these days. Whereas the AF of L-CIO could once count on the support of some 200 congressmen (and the magic majority figure is 218) the informed estimate today is only 130 to 140.

Why? Mr Barney Weeks, president of the Alabama labour council and a veteran lobbyist at state and federal level, suggests the answer lies in the decline of party discipline. "Ten years ago, if you had the leadership of Congress lined up, they could deliver the vote. Now they can only deliver 20 to 25 per cent. You have to work like hell to line up the rest of them. They are younger and more independent."

He might have added they are more conservative, more responsive to other pressure groups that have grown up such as the environmentalists and are more representative of the suburban frame of mind following the shift of the population out of city centres.

Mr Weeks's personal dilemma points up the crucial difference between the American way and the British way. In the United States the unions long ago declined to tread the direct political road. They did not form a socialist party of labour but chose to live in a two party, free enterprise system. That tradition has always had its critics but their influence is practically negligible. And to outsiders who find this a strange state of affairs, union leaders point out a rank and file feeling with apathy over the traditional leftwing nostrums of nationalization and workers' control.

The Carter administration law reform package is modest enough by British standards. It will improve recruiting access to workers in their factories; speed up the election procedure by which unions gain recognition; expand the National Labour Relations Board; double back pay for workers illegally sacked for union activities or sympathies; and impose new sanctions on companies wilfully violating Labour Board orders.

Labour Secretary Mr Marshall denies that the Labour

Reform Act 1977 is an attempt to rebuild bridges with a labour movement profoundly disappointed with the President's record since he took office. The proposals now before Congress were worked out with the unions but labour had to make compromises. Mr George Meany, president of the AF of L CIO, concedes: "The President's Bill would not change in the slightest, the rules governing established labour-management relations. Indeed, it does not change the general rules stating what unions and employers may do at all."

The National Association of Manufacturers has, however, promised an all-out fight against the Bill and Republican opponents have introduced rival legislation—probably doomed to failure—to dramatize their argument that employee rights and the balance of power in industry are at stake, just as much as the right to join a union.

The consensus view at present is that the Bill will get through some time early next year without too severe a mauling but the difficulties labour faces in generating support and the compromises it has had to make throw into

sharp focus the tenuousness of the unions' political hold. The modest results of their influence also contrasts with the scale of their efforts to get Democrats elected. Through its committee on political education, the AF of L CIO is extremely active at federal state and county level, in seeking to win office. The candidates sympathetic to its views.

A highly elaborate political operation reached out to more than 12 million voters on computer records and the unions claim a large measure of success in persuading their members to turn out and support their candidates. Touring the country's state AF of L CIO officers, you meet some intelligent and dedicated men leading the drive for a pro-labour agenda. There is a reason for this emphasis on legislation. No written contract can be valid for long if the legislature chooses to weaken or destroy it, argues Mr Earl Ray, director of the Illinois state COPE, in that state alone, the unions vote-getting machine is a million dollar a year operation.

He says Illinois trade unionists turn out in larger numbers than non unionists and that 90 per cent of them vote

the union way. Candidates are judged on their record of sympathy for labour and social welfare issues and a careful watch is kept on how they vote when in office. With some notable exceptions the voting effort is all one way—Democrat.

And are they getting value for their money? "We did not buy cars just elected him," replies Mr Doug Fraser, the author's secretary. Much the same might now be said of Mr. Callaghan's Government, but that does not stop American union leaders casting some looks across the Atlantic.

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Paul Routledge

Labour Editor

THE TIMES DIARY/PHS

Eurohistory: the new way to heal old scars?

British MPs in the European Parliament are taking a keen interest in the proposition, to be put forward next Tuesday in Luxembourg, for an authoritative "coordinated and comparative" History of Europe for schools.

The idea is that of Signor Michele Cifarelli, an Italian Socialist turned Liberal.

He says the need for such a history is now acute because all Europeans are looking forward to a new era in which they will elect a European Parliament direct. One hesitates to put in a caveat that the insular British may yet scupper the whole scheme for elections in May.

Signor Cifarelli thinks an ERC-backed history book would put an end to the "prejudiced and distorted picture" that young people in the Nine have about each other.

He may well be right. Certainly, an excellent source for material would be the centre for European cultural relations in Signor Cifarelli's Florence. The entire enterprise could well be wrecked, however, on just one rock: the question of who will mastermind the book.

No admission for the men behind the women

There will be absolutely no point in Mr Callaghan, Mr Thatcher or Mr Whitehouse turning up to a film show at Finsbury Town Hall, north London next Tuesday. They will not be let in. Their wives will be, though. In fact, the only men who will be admitted are journalists.

The whole thing is the brain child of the enterprising Peter Heims, a private investigator and editor of Top Security International. This monthly magazine has featured in this diary several times for the very good reason that it makes news where other magazines do not.

Mr Heims has invited Mrs Thatcher, Mrs Callaghan and Mrs Whitehouse to join any

woman over the age of 16 to watch two films about rape. One is called *Vulnerable to Attack*, and shows women how to defend themselves. The other is "Help! I've been raped", and advises women what to do after a sexual attack.

Why is Mr Heims barring men from the screening? "I don't want them to find out what the opposition is doing," he says. I follow this line of logic. But I have more difficulty in understanding why male journalists, diary writers included, are exempted. A final thought about the film show, which is free. The two films were imported from America. What on earth are our own documentary film-makers doing?

A lingering, last farewell

Dunch elm disease, oblivious of beauty, has no sense of history either. It has fatally attacked the 20ft tree in St Mary's Churchyard, Harrow on the Hill, said by many to be an offshoot of the famous elm which inspired a Byron poem in 1807.

The original elm destroyed by lightning in 1918, but its roots, retained, from them grew the present, condemned elm.

A quiet revolution (so quiet you will not even know it is going on) is planned for butchers' windows in selected areas of Birmingham and London. Bear meat is to go on sale in Mac Market shops, alongside traditional pork. The bear is the unscented male pig and has up to five per cent meat more than what the trade calls his "cut" companion. Bears were once regarded as tainted, but tests have disproved this. For you and me, the consumer, there will be no difference in price, flavour or name. It will still be dear, succulent and pork.

Guides guide

The publishers of the fanatical Good Food Guide this morning find themselves heaping praise on their book's principal commercial rival, the Egon Ronay Lucas Guide.

"The Consumers' Association magazine Holiday Which? has produced a guide to guides," says the Good Food Guide, which covers hotels as well as restaurants, easily comes out best, with as many "particular advantages" listed as most other guides have "particular disadvantages".

When it came to disadvantages, the panel could not find a single one with the Ronay. The Consumers' Association said, however, that they were rating the books only as hotel guides and did not consider their coverage of restaurants, which is of course the Good Food Guide's speciality.

Anything bad on TV, then?



Stubbs saving

The Tate's "Save the Stubbs" lottery is off to a good start; 16,000 tickets at 25p have been sold in the first two weeks. The first prize is a Mini Book of 20 at £5 are going well, I hear. But there is still a long way to go before all 160,000 tickets, the maximum permitted number to achieve the £40,000 target, are disposed of.

Treasury officials in the United States have turned down the use of Junior Bulls to accompany a television commercial for champagne. Children's music cannot be played to help promote the sale of alcohol, they ruled.

Back to Dunkirk

Why, I asked Colonel A. J. Barker somewhat privately, did he want to add yet another book about Dunkirk to the small mountain that already exists? "Because I have a German wife, and I felt that no-one had sufficiently given the German side of the affair," he said.

I did not believe he was wholly serious and said so. He yielded, but only slightly. The other reason he wrote *Dunkirk: The Great Escape* (Dent, £5.95p) was that he wanted to restore to the work Dunkirk its proper significance. In the London Underground earlier this week, he saw a tourist advertisement about Big Ben's chime having "broken down for nine months." It depicted him, in the "Dunkirk tradition", a major disaster had been averted.

A workmen's discussion on a Waterloo argument, it was included this thought for today: "The trouble with Catholics is—they take religion too seriously. It's not a hobby, like with Protestants."

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LETTERS TO THE EDITOR

THE TV CUTOFF OF VIOLENCE

Dr William Belson with his disturbing report on the effects of television violence on the British Association of Broadcasters, which was published in the Sunday Times, is far from alone in his views. In his Goodman Lecture Tuesday was yesterday, he noted, Sir Michael Swann, chairman of the Board of Governors of the BBC, the BBC by all broadcast standards in this country partly because the facts revealed are so sufficient cause for anxiety also because they confirm common sense suggestions. He disclosed the research, which was by 1971, indicated that boys watch a good deal of television violence are nearly 50 more likely to indulge themselves than boys who automatically switch off on vision when they get to school.

That particular fact suggests that there are causes of violence as television: the boy who on the television screen may be more likely to or a disturbed home but simply to be easily influenced by the violence on television. It is not only the violence on television, but the violence in the world, which is the cause of violence on television. The violence in the world is the cause of violence on television. The violence in the world is the cause of violence on television.

BY NO MEANS A SIMPLE SOLDIER

When he took over General Zia ul-Haq early for the Pakistan army since he, unpleasantly, shared the view that the country was in a state of anarchy. He has been, for the most part, a simple soldier. He has been, for the most part, a simple soldier. He has been, for the most part, a simple soldier.

A case deposit

From the problem with Sir Sir, Howard's suggestion (Sept 1) that a deposit of £500 discourage the hazy fringe it raises the question, "What?"

for the disabled

Peter Large has pleased some of us to learn from Mr (August 25) that "London" intends to make provision for a considerable degree of physical handicap. But do they know these as Mr. Robbins's Chairman in a recent letter to me, one of the disabled who can use escalators safely?

Industrial relations and the law

From Mr Alan Campbell, QC
Sir, If chaos in the TUC Conference room, and pitched contests in the streets, are to be avoided, some machinery for the orderly resolution of recognition disputes will have to be devised. It may well be that the wisest and aspirations of the moderate rank and file would support the setting up of a new tribunal of which the members and chairmen were all trade unionists. The decisions of any such tribunal could be referred to the Employment Appeal Tribunal for enforcement, subject to essential safeguards.

Civil Service pay

From the Secretary-General, Civil Service National Whitley Council (Staff Side)
Sir, Your leader on Civil Service pay (September 6) must surely establish no question of confrontation arises. Only with the votes of such persons can we return to a Conservative administration, and the by-elections have shown which way the wind blows.

Treatment of the Kurds

From Mr Kenneth Lee and others
Sir, The Iraqi Ambassador writes (August 27) that it is "very misleading" to state that the Kurds have been driven from their homes. He also writes that it is "erroneous" to claim that Kurds have been forcibly deported to desert areas.

Heating by electricity

From Mr Alan Scriven
Sir, Having read the report prepared for the Great Community Law Centre we noted Miss Pat Reilly's articles of August 15 and 16 on the problems encountered by council tenants in the borough with some disquiet, as they appeared to contain a number of inaccuracies with regard to the heating bills.

Fixing the level of clergy stipends

From the Reverend D. W. Perry
Sir, As the question of clerical stipends gets an airing for yet another time, may I draw your readers' attention to the situation which makes the debate now of crucial significance.

Appointing magistrates

From Sir Thomas Scrivenor
Sir, Mr George Hutchinson (your issue of September 3) may be right in supposing that "Some [JPs] are barely, if at all, respectable and do not have been allowed to sit in judgment on their fellow citizens."

Air accident inquiries

From the Chief Inspector of Accidents
Sir, I do not believe that Professor Elwyn Edwards, in his reported statement about the inadequacy of the techniques used to investigate aircraft accidents (report, September 5), is being wholly fair or accurate. The relationship between human error and the total environment in which the individual operates is well understood, and we in the Accidents Investigation Branch always try to establish that relationship with each and every accident that we investigate.

Reporting yachts at sea

From Mr Paul Rodgers
Sir, God help the round the world mariners. I am just back from a non-stop singlehanded voyage through the Atlantic.

What to drink with haggis

From Mr A. S. O'Connor
Sir, Your distinguished wine correspondent, Mr. V. J. Price, seems to me to be stretching the "aid alliance" a bit too far when he recommends the drinking of red wine with haggis (September 3). Surely the peppery nature of this delicacy makes it an unsuitable companion for red, or even dry white wine? When I was brought up in Scotland I was taught that the only drink to have with haggis was the fine old Glenlivet or single malt.

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Mr Healey reminds CBI of pledge to boost investments in return for union restraint

By Maurice Corina
Industrial Editor

An appeal for industrialists to accelerate their plans for new investment was made by Mr Healey, Chancellor of the Exchequer, at a working dinner held in private last night with leaders of the Confederation of British Industry.

He apparently laid great stress on the restoration of corporate profitability, lower interest rates, a stronger pound, and the arrival of North Sea oil as reasons for speeding up CBI initiative.

There is great disappointment in government circles that an expected growth in capital spending has not materialised after the tight rein kept on public spending at the CBI's urging.

Mr Healey, who was accompanied by Mr Hattersley, Secretary of State for Prices and Consumer Protection, is understood to have reiterated strongly that with the TUC vote on the 12-month pay settlements interval, some tangible evidence of higher investment is necessary in weighing up the scope for some stimulus to the economy.

The danger, as seen by the Government, is that trade unionists may not fully respond to restraint if a large propor-

tion of profits, reflected by a buoyant stock market and the flow of food company results, is not ploughed back into industrial expansion at a level promised under the economic strategy approved by the International Monetary Fund.

For their part, industrialists stressed that uncertainties over pay and prices policies was one reason for hesitation in some boardrooms. In view of the TUC vote yesterday, the CBI feels employers will now be in a better position to back the Government's pay policy, whereas some weeks ago it was deeply troubled over the outlook.

First returns from the CBI's new pay data bank indicate that the line is being held within government guidelines, even though pay claims for more than two million workers in a survey of 20 to 30 per cent have been recorded as exceeding the Government's target.

Nonetheless, the Government is under strong TUC pressure to push up the rate of investment, while 6 per cent of the national labour force is unemployed. Capital expenditure in private manufacturing was, together with exports, allotted the

central role by the Chancellor in promoting economic recovery.

Mr Healey is conscious in that the expenditure on modernisation has proved much weaker than all surveys had predicted. A rise of 15 to 20 per cent, which had been forecast for 1977, has been revised steadily downwards and the annual rise is now below 3 per cent.

The IMF was assured of substantial new investment in 1977 and 1978. Cuts in rates of public spending were designed to make room for industrial expansion.

Last night's meeting was at the CBI's invitation, and the talks were helped by the Prime Minister's renewed hints of some stimulatory measures tied to a long-term growth strategy. It is thought that the CBI remains cautious about such a package without more evidence that the rate of inflation, which remains very high in international terms, is coming down in a sustainable way.

Nonetheless, the failure of industry to produce an investment boom according to the Chancellor's timetable is an embarrassment when industrialists have apparently established a good working relationship with a Labour Government, and support its general industrial strategy.

Shawcross criticisms on Department of Trade investigations under Companies Acts

By Christopher Wilkins

Lord Shawcross, chairman of the Panel on Takeovers and Mergers, has used his annual report to make serious criticisms of the system under which Department of Trade inspectors investigate the affairs of companies under the Companies Acts.

Stating that "the statutory machinery under the Companies Acts can, without undue bureaucracy, be made more efficient", he criticises the system on three main grounds.

The first, which was raised in the recent court dispute involving Northwest Holst and the Department of Trade, is that it is not always obvious, even after the event, why an Inspectorate is or is not set up in a particular case.

Lord Shawcross also points out that "sometimes inevitable delays in bringing an enquiry,

once established, to its conclusion", noting that the enquiry into the Pergamon affair took eight years.

Thirdly he says there are possible "inherent risks" in the appointment of "unsuitable persons" as inspectors and the occasional tendency of such persons to exceed their powers and give expression to obiter dicta outside their legitimate terms of reference but without any right of appeal.

The Panel's annual report also outlines two important new guidelines, one relating to takeovers and the other to the obligations of financial advisers.

Under the new guidelines of the Takeover Code companies which have received a bid are required to obtain competent independent advice for shareholders.

The Code does not require the offeror company to seek independent advice, but the

Panel is now recommending that in certain circumstances, for instance where there are cross holdings between the two companies and a number of directors common to both companies, independent advisers should be brought in.

The Panel is particularly concerned that such advice should be obtained "where there is an apparent conflict of interest between companies, their boards or their large shareholders".

Outside advice is also recommended in the event of a reverse takeover.

At present the new guidelines carry out the status of Panel recommendations and it seems likely that they will be considered for inclusion in the Takeover Code when it is next revised.

After a case last year in which a director of merchant bank N. M. Rothschild was censured in connection with a

bid by Sime Darby for Seaford Amalgamated Rubber, the Panel has now spelt out where it considers the prime obligations of a financial adviser lie.

It says that when, during the course of a Panel inquiry, an adviser has reason to doubt the accuracy or completeness of information being provided by his client his overriding duty is to the Panel.

However, if he believes his client intends to mislead the Panel despite his advice and decides to resign, he would not then have any obligations to tell the Panel of his misgivings about his former client.

The Confederation of British Industry, which is represented on the Panel, has supported the need for full disclosure and has accepted that the financial adviser should not be expected to shield a client who was trying to mislead the Panel.

Financial Editor, page 17

Further fall likely in minimum lending rate

By John Whitmore
Financial Correspondent

The Bank of England's minimum lending rate seems set to be reduced further tomorrow with the fifteenth cut in the rate this year.

Although the Bank signalled to the discount market yesterday afternoon that it wishes continued moderation on the interest rate front, this was generally interpreted to mean it is looking for a quarter rather than a half-point cut in MLR, which has stood at 7 per cent since August 12.

A key factor determining the MLR will be the weekly Treasury bill tender on Friday. On the basis of last night's Treasury bill rates of 6 to 6 1/2 per cent, MLR should fall to 6 1/2 per cent this week.

But if rates were to be pushed below 6 per cent as Friday's tender there would be scope for a larger reduction, unless the Bank chose to set MLR independently of market forces.

Renewed downward pressure on Treasury bill rates comes after a fortnight in which the Bank has successfully held rates steady ahead of this week's important TUC votes on pay.

With the 12 months rate endorsed yesterday, pressures have been building up in all financial markets and sterling, which had been relatively quiet on Monday and Tuesday, was also attracting overseas demand yesterday.

A further cut in MLR is bound to increase pressure for reductions in the clearing banks' interest rates. They cut their base rates to 8 per cent after the first reduction in MLR in August (to 7 1/2 per cent) but failed to follow MLR down when it was later lowered to 7 per cent.

While it does seem the banks have been losing leading business as a result of this, they have had to weigh against this the alternative of trimming rates paid to depositors or facing a considerable squeeze on profitability.

The Building Societies Association is unlikely to make any formal decision on society interest rates before its next meeting on September 23.

Financial Editor, page 17

NYSE chief in call to resist 'off floor' trading

From Frank Vogt
US Economics Correspondent
Washington, Sept 7

Mr William Bennett, chairman of the New York Stock Exchange, is now striving to rally support from American stockbrokers to oppose a move by the Securities and Exchange Commission to repeal "off-board trading" rules with effect from January 1, 1978.

In a letter to members of the NYSE, Mr Bennett said that this was an "issue of great urgency" and he gave a warning that the proposal would, in effect, drastically alter the way in which stocks were traded and priced.

The proposal would make it possible for brokers to conduct their business from their own offices and no longer make the stock exchanges a key forum. Mr Bennett asserted that there were major dangers in this new proposal. He outlined these dangers at great length in a letter to the members of the NYSE.

He said the proposal would see the markets for listed stocks fragmented to the great disadvantage of small investors and small brokerage companies in particular.

Mr Bennett stated that the larger brokerage companies would have a great advantage because of their larger order flow and strong capital position. They would be able to dominate increasingly the brokerage industry and this could lead, in time, to securities business being done by just a handful of very big corporations.

In addition, Mr Bennett said investors may find themselves increasingly attracted to "off-board" listed stocks through dealers rather than through brokers acting on their behalf and that dealers might only be interested in trading stocks of smaller companies at wider spreads.

Gold closes 75c up before IMF auction

Gold closed 75 cents up in London at \$148.125 an ounce, last night ahead of the results of the latest IMF gold auction in Washington.

Dealers expect the price fixed at the auction to be above the \$146.25 recorded at the last one. The auction is of 525 thousand ounces of gold.

UK makers put case for £100m car parts sales in Japan

From Peter Hazell
Tokyo, Sept 7

Britain would expect Japanese car producers to buy up to £100m worth of British car components within the next three years, partly to offset the lopsided trade balance between the two industries, Mr David Plastow, chairman of the British Society of Motor Manufacturers and Traders, said here today.

Mr Plastow and a delegation from SMMT, who met their counterparts in the Japan Automobile Manufacturers Association for consultative talks this week, pointed out that Japan expected to export 120,000 vehicles to the United Kingdom this year while Britain's share of the Japanese market still stood at 3,000 units.

During the talks, JAMA assured the British delegation that Japan would not increase its exports of British car components this year beyond the present self-imposed limit of 10 per cent.

At the same time Japanese car producers pointed out that other foreign manufacturers were increasing their share of the British market.

Reviewing the meeting at a press conference today, Mr Plastow said that the British side did not threaten to adopt unilateral measures to protect Britain's motor industry. But he expressed his concern over the imbalance of trade in motor products between the two nations.

"I cannot honestly say whether Japan's share of the British market is above the 10 per cent barrier," he said. "But JAMA appears to be

aware that Japan will promote international protectionism if it damages key industries abroad."

"I have expressed my understanding of the difficulties of reconstruction in the British motor industry."

Pointing out that Britain had built up one of the finest motor component industries in the world with a total volume of £1,500m, Mr Plastow said sales to Japan were limited to a mere £5m a year.

"This is one area where Japan can help to offset the imbalance. We pointed out that the jobs of a half million people are at stake in the motor industry in the United Kingdom."

"We would like to see Japan purchase between £50m and £100m in motor components within the next three years. We invited a purchasing team to visit Britain early this year, and they have returned with a genuine interest."

Asked whether the British motor industry could compete car components manufacturers or meet the tight delivery schedules of Japanese car producers, Mr Plastow said: "We have established a lucrative market in the United States and I do not see why we cannot do it in Japan."

He admitted that the British components industry had not received any substantial order since the Japanese purchasing team visited the United Kingdom in early spring. "But there is now genuine interest."

"There were impressed by the quality of our components and they have corrected their views on labour unrest."

ECI aid to Bond Worth criticized

One of the principal creditors of the collapsed Bond Worth carpet group yesterday attacked Equity Capital for industry and the institutions which rescued the company, giving renewed confidence to suppliers.

Mr Roger Wake, chairman of Carpets International, said his company was owed a total of £450,000 by the Bond Worth distribution subsidiary, Galasborough, although much of that was covered by a general provision for bad debts.

He said he thought the circumstances leading up to the collapse of Bond Worth had been thoroughly unsatisfactory. "Only four months before its

collapse, Equity Capital for industry and the institutions which rescued the company, giving renewed confidence to suppliers."

Mr Wake was reporting CI half-year profits down from £1.7m to £570,000 before tax as a result, largely, of losses in Australia having risen from £300,000 to £1.1m. The dividend is cut from 3.5p gross to 2.5p.

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W German tax cuts agreement in strategy to stimulate economy

From Peter Norman
Bonn, Sept 7

The two West German governing parties today reached an unexpected agreement on a package of tax cuts that will be put to Parliament, possibly next week, as part of a strategy for boosting the German economy and reducing unemployment.

According to government sources in Bonn, who leaked the information, the Social Democrats and the Free Democrats decided on two measures of personal income tax relief that should raise purchasing power by around DM5,670m (about £1,418m) over the next 15 months.

They also agreed to more generous provisions for companies choosing the declining balance method of depreciation on investments made from the beginning of this month. The estimated cost to the finance ministry is around DM1,730m for the first full year of application.

It is claimed that Christmas tax relief should be made more generous so that individuals will benefit by at least DM66

this year, and certain cases up to DM168.

From the beginning of next year the thresholds at which personal income tax applies will be raised. The planned increases, to DM3,510 from DM3,000 for a single person with double the amount for a married couple, should bring individual tax savings over 1978 of DM178 to DM390.

The proposed improvement in the declining balance depreciation provisions to two-and-a-half times from two times existing linear depreciation rules was apparently accepted without much difficulty by the left wings of the Social Democrat and Free Democrat parties.

In the course of the last three weeks' speculation about the Government's eventual tax hand out, it had been feared that such a move, which is intended to stimulate investment but in the electorate's eyes has become equated with a "tax for the boss" would founder in the internal party discussions.

Today Dr Armin Gruenewald, the West German government spokesman repeated that formal

decisions would be taken by the Cabinet at its meeting on September 14.

On that day the Cabinet would also decide the details of the 1978 federal budget, a number of energy saving policies and a strengthening of the West German Labour Office apparatus for a more efficient combating of unemployment "on the ground".

The DM7,400m of tax relief agreed in principle today, will not, therefore, be the full scale of the government's stimulatory effort. An additional DM2,000m should be channelled into increased public sector investment and into the social services by way of the federal budget.

The big question overhanging the tax cut proposals is whether they will be accepted by the opposition, which controls the Bundestag or upper house of Parliament.

Today, a spokesman for the Christian Democrat-Christian Social group in parliament rejected the planned lifting of the tax thresholds as inadequate and demanded a 10 per cent cut in income and corporation taxes from the beginning of October.

TUC pay vote and hope of lower interest rates take shares nearer all-time peak

The FT Ordinary share index moved nearer its best-ever level on the London stock market yesterday. By 2 pm it had added another 11 points and many dealers felt the TUC vote in favour of the 12-month rule on pay might be enough for the "magic" 543.6 achieved in May, 1972—to be reached by the end of the session.

In the event equities ran out of steam thereafter, and by the close the index stood at 534.2, a net rise of 8.4 over the session.

In the gilt-edged market indications that the Bank of England might allow the minimum lending rate to drop a quarter point this week was the main impetus behind short-dated rises of three-quarters and gains at the longer end of £1.25.

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\$100m (about £50m) was taken into the reserves.

The present policy of linking the pound to a basket of currencies rather than to the dollar means that the Government is officially unconcerned by a rise in the pound's dollar value.

They are worried, however, by the continued strength of demand for pounds which, if not resisted, would lead to an effective appreciation of sterling.

Many dealers feel that something will have given soon in the Government's exchange rate and interest rate policy. A reprieve of the pound above the high effective rate of 62.3, at which it has remained all this week, is one possibility if the expected further fall in interest rates does not slow down the inflow of money from overseas.

Earlier gains to close unchanged at 26p.

Guardian yesterday blamed a big swing from profits of more than £700,000 into a loss of £4.3m on higher motor claims and further provisions against liability claims.

Meanwhile, Sun Alliance turned an underwriting loss of £900,000 into a surplus of £2.84m, helped largely by an absence of storm damage, although this was partially offset by continuing high subsidence claims.

Loss elimination in the United States market contributed to a reduction to £300,000 in the underwriting loss of £2.1m by Phoenix.

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How the markets moved

The Times Index: 217.03 +2.70
The FT index: 534.2 +8.4

Rises

AAH 18p to 20p
Beaumont Prop 13p to 16p
Bradford Prop 10p to 13p
Costain 10p to 12p
Douglas RM 10p to 12p
Estates Prop 10p to 12p
GKN 6p to 6 1/2p
Guthrie 10p to 12p
Huntington 10p to 12p
Long China Ind 5p to 6p
Lasso Ops 18p to 20p
Lon Merch Secs 4 1/2p to 5 1/2p

Falls

Brit Sugar 10p to 8 1/2p
Dewhurst TJ 5p to 4 1/2p

Equities gained more ground. Gilt-edged securities were in demand. The pound rose to \$148.125. SDR-£ was 1.16227 while SDR-£ was 0.667013. Commodities: Reuter's index was at 1501.5 (previous 1502.3). Reports, pages 18, 20 and 21

THE POUND

Bank buys Bank sells
Australia 5 1.63 1.58
Austria Sch 39.25 38.25
Belgium Fr 64.25 63.25
Canada \$ 1.31 1.26
Denmark Kr 11.06 10.65
Finland Mk 7.55 7.25
France Fr 8.79 8.41
Germany Dm 4.42 4.00
Greece Dr 34.50 33.50
Hong Kong \$ 8.45 8.00
Italy Lr 156.00 150.00
Japan Y 490.00 465.00
Netherlands Gld 4.44 4.22
Norway Kr 9.78 9.42
Portugal Esc 94.00 92.00
S Africa R 1.38 1.76
Spain Pes 140.00 144.00
Sweden Kr 3.75 3.40
Switzerland Fr 5.34 5.12
US \$ 1.79 1.74
Yugoslavia Dnr 36.75 34.50

Rates for small denomination bank notes only to be quoted. Figures in italics are for the previous day.

Bank of England, London

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Guardian Royal Exchange Assurance

Interim Statement

The Directors have declared an interim dividend in respect of the year 1977, to be paid on the 7th January, 1978, of 4.235p per share (1976, 3.85p per share) which, with the tax credit available to eligible shareholders, is equivalent to 6.416667p per share (1976, 5.923077p per share). On the same date, as already announced, a further payment in respect of 1976 of 0.08079p per share (gross equivalent to 0.122409p per share) in respect of the 1976 dividend will be made in order to give effect to the reduction in the rate of Advance Corporation Tax. These dividends will be paid to holders of ordinary shares whose names appear on the Register on the 21st November, 1977.

The unaudited results for the first half-year are:-

	First 6 Months 1977	First 6 Months 1976	Year 1976
Premiums Written	312.5	270.0	560.7
Investment Income	31.3	24.2	58.5
Less: Interest Paid	3.3	3.2	6.7
Profits	28.0	21.0	51.8
Long-term	2.6	2.3	5.5
Short-term (loss)	(4.3)	0.7	3.8
Profit before taxation	26.3	24.0	61.1
Less Taxation and Minorities	13.0	11.2	29.8
Profit after taxation	13.3	12.8	31.3
Dividend Cost			
Preference	0.1	0.1	0.2
Ordinary	5.3	4.8	11.5
	5.4	4.9	11.7

Exchange Rates—
Germany 4.05 4.57 4.01
Canada 1.83 1.72 1.72
Australia 1.55 1.44 1.56

The Ordinary Dividend cost for 1976 has been adjusted to reflect the supplementary dividend referred to above.

Investment Income for the period has developed well but short-term underwriting profits have been adversely affected by an increase in the frequency of Home Motor claims and from further subsidence claims. Canada and Australia have had excellent results but the underwriting profit from Canada has been excluded because of the uncertainties of the regulations set up by the Anti-Inflation Board there. Results in Germany and Holland continue to be very disappointing. Elsewhere overseas underwriting results have been variable with particularly good figures from Brazil and Hong Kong whilst France and Spain have been unprofitable.

Conditions in the Marine and Aviation market in the U.K. continue to give little hope of a worthwhile profit but when the overseas subsidiaries are included it is hoped the account will be not unsatisfactory overall.

Life profits are increasing and new business figures are:-

	First 6 Months 1977	First 6 Months 1976	Year 1976
New Sums Assured	1,284.4	1,089.2	2,420.8
New Annuities per annum	22.8	26.1	51.8
New Annual Premiums	18.3	17.5	37.8
New Single Premiums	11.9	6.6	19.0

Guardian Royal Exchange Assurance
Royal Exchange, London EC3V 3LS

Approval for BP to start drilling in Buchan field

By Our Industrial Correspondent

BP was yesterday given permission to start developing the Buchan oilfield, about 90 miles north-east of Aberdeen. The Department of Energy has told the company it has approved the drilling of a single development well, a source of some disappointment to BP, which had sought consent to drill five wells.

The drilling rig, Deep Sea Saga, is expected at the field today and is scheduled to "spud in" the first well by the end of the week.

Last night the company said it had not yet decided whether or not the field would be exploited through a fixed production platform. Buchan lies in block 2/1 and is a small field compared with the Brent and Forties fields.

Various estimates have been made of the field's production potential ranging from reserves of 115 million to 250 million barrels. Peak production could be between 50,000 and 100,000 barrels daily.

BP became involved in the field development in June after its acquisition of a controlling interest from three smaller companies.

Amoco's Celtic move: The ninth well in the United Kingdom sector of the Celtic Sea has just been completed by Amoco UK Exploration. The rig, Chris Cheney, is preparing to move off the location on block 93/6 to another drilling target, understood to be offshore Spain.

No announcement has yet been made by Amoco on the results of 33/6-1. The company's second wellbore in the United Kingdom Celtic Sea. But the presence of 7-inch well casing, run into the supply base at Pembroke Dock and kept standing by the rig aboard a supply ship, raised speculation in some quarters that Amoco may have thought a testing programme was in prospect before the hole reached its total depth.

IMI titanium chief calls for action to combat American protectionism

By Clifford Webb

Dr Tom Farthing, managing director of IMI Titanium, Europe's largest and Britain's only producer of titanium, yesterday launched the sharpest attack yet on "American protectionism which excludes all imported titanium from the vast United States military aerospace market".

He said that allied with Japanese dumping in Europe it constituted a serious threat to a key British industry at a time when worldwide titanium demand was depressed.

Strong representations had been made by IMI to the British Government and the European Commission in Brussels but they had replied that the whole question of trade barriers would have to wait for a review to be undertaken at the next round of talks by the General Agreement on Tariffs and in Geneva this autumn.

"It is my fear, however, that Britain's titanium interests will be traded off against some other allegedly more important product," Dr Farthing said.

"Superficially it is easy to discount us as a small employer—only 930 people in the whole of IMI Titanium, and a turnover of £20m—but we also have a vital strategic role which stretches from aerospace to chemicals and power generation."

He said the need to protect this strategic role of the American industry had produced a special Act of Congress which laid down that military aerospace projects should only use United States titanium. In addition there was a blanket 18 per cent tariff barrier against foreign titanium.

The combination effectively excluded imports while our "softer approach", an 8 per

cent tariff in Europe, permitted American companies to range at will in our markets.

"It goes against the grain for me to say it but I am now of the view that Europe should itself take protectionist measures if only as a bargaining tool to open markets," Dr Farthing asserted. He was speaking at the opening of a new automatic tube welding line at Waulwrydd, South Wales.

IMI is the world's biggest manufacturer of seamless titanium tube but the trend is increasingly towards the cheaper welded tube. Already the new facility has enabled the company to win the largest contract for seam welded titanium tube ever placed in the United Kingdom. The Central Electricity Generating Board has ordered 150 tonnes of corrosion proof condenser tubing for its Tillymore B power station.

Co-op signs £4m contract for ICL equipment

By Kenneth Owen, Technology Correspondent

As part of the Co-operative Wholesale Society's plan to build a national computer network, a £4m contract was signed in Manchester yesterday with International Computers, Britain's main computer manufacturer.

This is the largest single commercial order yet obtained by ICL. It includes three medium-size Model 2960 central computers, 40 terminal systems and 30 small "transaction" computers.

It brings to £5m the orders placed by the CWS with ICL over the past 18 months. The society has standardized on ICL equipment for its five regional computing centres.

The three Model 2960 computers (for delivery in 1979) will be installed at the society's computer group headquarters in Manchester.

ICI assesses damage to dyestuffs plant after blast

By Peter Hill

Executives of ICI and officials of the Health and Safety Executive of the Department of Employment were last night investigating the cause of an explosion at the dyestuff producing plant at the ICI complex at Grangemouth, on the Firth of Forth.

The explosion which occurred early yesterday caused thousands of pounds worth of damage and led to the shut down of the dye-producing section of the plant. Most of its capacity is exported.

The blast occurred in a vessel used in the production of dyestuff intermediates which go to the textile industry for the colouring of cellulose fabrics.

Three fire stations were called in to deal with the explosion. Police blocked off the main link road from Grangemouth docks to the M9 motorway which lies alongside the plant.

About 100 workers are employed at the plant but no one was injured during the shutdown.

Manufacturers the dyestuffs at locations, notably Trafford Park, Manchester, and at a plant in Brazil. This type of dyestuff was introduced in 1956 and represented a breakthrough in dyestuff technology. Despite the textile recession ICI has developed markets in the Middle and Far East for the reactive dyes.

According to the company about 80 per cent of the reactive dyestuff production from the two plants in the United Kingdom is exported. Last night ICI was assessing how the shortfall caused by the Grangemouth shutdown could be met. Last year it exported a total of £451m worth of organic chemicals, and most of the exports were dyestuffs.

A spokesman for ICI said that it was not possible yet to estimate the full cost of the damage.

In brief

Four power stations to vote on new stoppage

Strikers at Eggborough power stations in Yorkshire yesterday decide to impose a work-to-rule and overtime ban at the end of their ineffectual 48-hour strike last night. Four other stations: Ferrybridge C, Thorpe Marsh and Skelton Grange and Drax will vote today on the issue.

The other 35 power stations which joined the stoppage will be invited to follow the Yorkshire lead.

A spokesman for the strike committee said last night: "The band will remain in force until September 24 when a national conference of shop stewards from all power stations will review the position."

The electricity supply was sharply reduced during the stoppage, an Electricity Council spokesman said last night.

£12m Royal Navy order for Plessey

Plessey of Ilford has received a further order, worth more than £12m, from the Ministry of Defence to supply shipborne VHF/UHF communications systems—type 1203 (Plessey FV2 1730)—to the Royal Navy.

The order includes transceivers, remote control equipment and spare modules to facilitate on-board maintenance.

After trials, the 1203 was accepted into service with the Navy last year, when its performance and reliability exceeded expectations.

Similar equipment has been sold in large quantities to overseas navies.

Safety check on Shell's gas pipeline project

A hazard evaluation of Shell's proposed 126-mile natural gas liquids pipeline from St Fergus to Fife is to be undertaken by the Government's Health and Safety Executive.

This was agreed to yesterday by Grampian regional planning authority and development committee, which earlier objected, along with four north-east district councils, to the pipeline designed to carry Brent field gas to the company's proposed complex at Mossburn, Fife.

Bowater investment

Bowater Corporation is to spend £5m on capital equipment for the conversion of a paper recycling machine, which formerly manufactured newsprint, at the Kemble mill in Kent. The project is expected to be supported by a grant from the Government, from which approval is now being sought.

LETTERS TO THE EDITOR

UK's delivery record puts export push in jeopardy

From Mr H. C. Hammond

Sir, I was very surprised, recently, to read in the economic reports of the NIESR and Phillips and Drew that these experts are advocating a fall in sterling exchange rates so as to create additional demand for exports and jobs.

Here in Denmark we have been seeing, for some years, that United Kingdom supplies of engineering goods and consumer durable products, like cars, are cheaper than competitive products from, for example, West Germany, the United States and Sweden.

But Danish businessmen are wary of buying more goods from Britain because when your factory or transport union stop work the situation very quickly upsets Danish factories which are relying upon supplies from the United Kingdom. Therefore, Danish businessmen continue to buy some goods from other countries, even if the prices are higher, which offer reliable deliveries.

Many countries, today, are suffering from unemployment and lack of demand and from inflation. Here in Denmark, for example, unemployment exceeds 10 per cent. It appears to me, that the way for the United Kingdom to overcome and to make a contribution to solving the general unemployment difficulties is to stop strikes and improve deliveries and consignments controls. In this way the United Kingdom is not taking a bigger slice of the cake—which is the target of lower sterling exchange rates—but enabling the industrial world to build a bigger cake in which all can share.

Unions in the United Kingdom are seeking higher living standards. How can they reconcile this objective with lower sterling values?

Yours faithfully,
H. C. HAMMOND,
Haverup,
DK-4180 Sorø,
Denmark.
September 1.

Worth of secret ballots in labour disputes

From Mr M. H. Waley-Cohen

Sir, if ever there was a lesson to be learnt surely the recent switch from 50 to 1 for striking to an alleged only two to one at Leyland underlines the essential need for there to be provided a means of secret ballot supervised and organized by central government on a mobile basis i.e., caravan or lorry, by which no body of men may go on strike or continue or desert from striking without registering a vote for whatever they want to do in this conveyance.

It requires great courage, even within 25 people to put up your hand contrary to the general run of wishes often put to the voter in such a manner as to be almost menacing if he should vote to the contrary. A secret ballot would have none of these disadvantages and all the advantages of enabling people to vote secretly just as at local and central government elections.

Yours faithfully,
M. H. WALEY-COHEN,
Higher Thorne,
Edwards, TA24 9QB
Mansfield,
Somerset

Mrs Thatcher's next US visit

From Mr P. Kellard

Sir, We shall soon be reading or viewing reports of Mrs Thatcher's latest visit to the United States and I sincerely hope that she manages to convey to the people of America a much more realistic impression of Britain than the damaging message she dispensed on her last political foray.

Those of us doing business with United States companies could be very specific with regard to the damage that subjective, immature political utterances inflict upon things British in America.

After a period, in which the western world experienced the worst recession for over 40 years, Britain is coming through with infinitely better prospects than most countries.

It has not become ungovernable as predicted, people of all sectors of society have shown a tolerance and patience that is typical of British social and political stability.

Given the opportunity, the British people will work as

hard and with as much skill as those of any nation, but the one thing we could do without at this particular time is divisive political leadership.

It is worth remembering this statement: "As to this country it is sunk, never to rise again. We have dwindled into an insignificant island. We have neither wisdom nor virtue left."

Seems that the British have been on the receiving end of silly political utterances for a long time, for that was a view of Britain expressed by Horace Walpole nearly 200 years ago.

Sounds familiar, doesn't it? My message to Mrs Thatcher at this time is—"don't make political capital by going to America to criticize us, be objective about the situation and tell them that we're as good as the best"—she would earn greater respect by so doing from them and from us.

Yours faithfully,
PETER KELLARD,
KLF (UK) Ltd,
KLF House,
180 Windham Road,
Bournemouth, Dorset,
September 5.

Grunwick

From Mr Stephen Eyres
Sir, It is a matter of some regret that your *Business Diary* Editor (*Times*, August 23) should have associated the problems of Grunwick Processing with those of the North Carolina textile company, J. P. Stevens.

Union recognition by the management has certainly been refused by both companies but, contrary to experience at J. P. Stevens, Grunwick employees have consistently and overwhelmingly voted against union recognition.

Neither has Grunwick, unlike J. P. Stevens, been found guilty of the equivalent of "unfair practices" or paid out large sums in fines.

This diary piece has done its bit in adding to public confusion over the facts in the Grunwick affair.

Yours sincerely,
STEPHEN EYRES,
Secretary,
The Selsdon Group,
170 Sloane Street,
London, SW1.

Inadequate storage of solar pre-heat systems

From Mrs B. Carter

Sir, The sale of "pre-heating" systems without sufficient storage is reducing solar heating to a gimmick.

Off-peak electric cylinders are sized to cover the household needs from 7am to

11pm. Solar pre-heat systems should be sized to cover the household needs from at least 5pm to 10am. Instead, they are sometimes sized to cover precisely three sinkfuls of water.

This inadequacy of storage can reduce the efficiency of

heat collection from 71 per cent to 20 per cent.

Yours truly,
BRENDA CARTER,
Walsingham,
Norfolk.

Heat collection from 71 per cent to 20 per cent.

Yours truly,
BRENDA CARTER,
Walsingham,
Norfolk.



-Managerial-Administrative-Secretarial-Personal Assistants-

Bilingual Secretary—English/German

Hoechst UK Limited, an international chemical and pharmaceutical company, now have an opportunity within their Pharmaceutical Division for a bilingual Secretary.

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Hoechst

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Your main assets (as we see it) are your impeccable and speedy typing (I.B.M. self-correcting golf ball), your speed-writing or shorthand (not absolutely essential if you can convince us differently), your ability to write copy or letters—if necessary—plus excellent spelling and grammar, your unflappable and winning manner on the phone and face-to-face with clients, and your experience in an advertising set-up (or similar)—not just on the action side but as a first-class organiser.

Our M.D. asks a lot—but if you're up to it you could find the work interesting and stimulating.

Contact Maureen Hollins on 01-425 9164/5

ADMINISTRATIVE ASSISTANT/SECRETARY

We are looking for a person with immaculate secretarial skills, initiative, self-confidence and administrative ability to work for our Group Marketing Executive and to assist in coordinating the running of his Department.

If you feel that you have these qualities and are looking for a permanent position in a large multi-national company, we will return after you an above average salary, 50p per day lunchbox vouchers and excellent fringe benefits. We are located adjacent to Green Park tube station.

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3 SEC/PA's FOR THE SERIOUS BUSINESS OF RELAXATION

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Applicants, male or female, for an early interview please phone Dianne Davies on 01-523 8772.

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In return we offer friendly surroundings, £3,500 p.a., L.V.s and 4 weeks' holiday.

Write or telephone the Company Secretary, M.A.N.-GHE (G.B. Ltd.), 4/5 Grosvenor Place, London SW1X 7DG. Telephone 01-235 5011.

Book-keeper Manager/ess

for small Mayfair-based company; publishing and film distributors. Manual books to t/b typing and general office experience essential. Salary negotiable, not less than £4,000 p.a.

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Small architect's office in Kensington. Interesting and responsible position to make friendly office run smoothly.

Primarily an administrative job working with 2 secretaries under him/her the successful applicant may have flexible hours, will meet clients, etc. Good salary.

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Involve and responsibility are provided by a partner of leading City Stockbroker. He seeks an intelligent and efficient Secretary. An important duty will be the production and distribution of a large volume of correspondence for which accuracy and speed are essential attributes. Interest will add to your compatibility.

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We need an alert and resourceful, energetic, Person Manager (in or out) with the integrity and personality to recruit, train and motivate our staff. Previous experience helpful, but not essential. Age 25-35. Salary negotiable, around £3,000. Phone Claudia on 581 2261.

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French/English Secretary

French/English Secretary with experience, initiative and dynamism to start immediately. Excellent salary.

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Reliable energetic P.A.

Interested in dealing with people required to assist director of small S. London Staff Agency. Must be competent to handle our varied clients with tact and charm.

Salary £3,500 negotiable. Shorthand not essential.

Telephone 582 843/1 KIM (E.B.)

Staff Consultant Agency, 197A/199 Cumberwell New Rd., Lambeth, S.E.5.

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Well known Advertising Head needs a friendly, energetic, motivated person to assist in the recruitment and training of sales staff. Must be able to handle our varied clients with tact and charm.

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FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Construction issues lead the way ahead

In another day of heavy trading, especially among the second-line stocks, share prices rose strongly for a fourth consecutive session with the FT Index moving inexorably towards its best-ever level.

Such was the strength of early trading that there were hopes that the record 543.5—set in May, 1972—could be beaten in one leap. But with the market looking "a bit tired" towards the close an ominous profit-taking index took the index loss ground after 2 pm while it stood

and the Prime Minister's hints on some level of inflation in the autumn did not escape the notice of investors.

Of particular comfort to dealers is the breadth as well as the strength of the present advance. The daily value of bargains is three times the level prevailing at the end of last month with most of this improvement coming in the second-line stocks.

After a stagnant summer dealers here describe the sudden burst of activity as "startling".

Reports of greater activity in the building industry and the previous day's figures from Costain again inspired the sector to one of the best performances of the session.

Costain itself closed 26p to the good, at 312p with next year's dividend payment a major consideration. In sympathy Taylor Woodrow ended with a gain of 23p to 468p and Wimpey were 5p to the good at 85p. Marchwiel rose 16p to 272p.

The latest retail figures and hopes of some form of boost to consumer spending in the near future lifted stores and related issues. Among the best were Comet Radio 5p to 114p, Decca "A" 25p to 485p, Burton "A" 6p to 86p and Gus "A" 11p to 114p. Another store to feature was Maple which shed half a point to 11p after reporting a reduced loss.

Once again paper and print-

ing issues were well to the fore with Hindon Print up 23p to 93p after revised terms from Ferguson Industrial and Portals 13p lower to 245p after profits which did not match up to most expectations. Others in good form were Thomson Organisation which moved ahead 13p to 705p, United Newspapers, where the gain was 8p to 280p, Daily Mail "A" 10p to 265p and McQuarrie which rose 10p to 220p. Ahead of half-year figures Bower was up 5p for a fresh 218p.

Takeover hopes were also a help for selective property shares. Peachey added 3p to 68p after the Allied London move while others to rise on more general takeover hopes were Property Securities 20p to

116p and Bernard Sunley 11p to 176p. Other issues in good form included Allnatt which gained 6p to 187p, Chesterfield 20p to 272p, Bradford 16p to 195p and Land Securities 8p to 218p.

In the current building sector euphoria *MT Gleeson*, one of the smaller groups, is not overlooked. A good year is in prospect and there was 11m in cash in the last balance sheet. Properties are in the books at £2.6m, mainly at 1971 valuations, and some think the group is attractive enough to encourage a suit. The shares held steady at 35p.

There were some good gains from companies reporting. These included *Diploma Investments*, up 17p to 154p, *Centenary* 13p to 155p and *Hepworth Ceramic* after profit about £1m ahead of expectations. An interim setback and a reduced dividend hit *Carpet International* to the tune of 9p to 62p, but dealers feel there might be a much improved picture after the full 12 months.

Equus turnover on September 6 was £157.7m (31.436 bargains). According to *Exchange Telegraph* active stocks yesterday were *ICI*, *Shell*, *BAT*, *DFD*, *Pearcey Property*, *BP*, *new*, *GKN*, *Diploma Inv*, *Commercial Union*, *Wimpey*, *Gus "A"*, *Hepworth Ceramic*, *RAT Ind*, *Carpet International*, *R. Costain*, *Taylor Woodrow*, *Thames & Newall*, *Guardian*, *Royal Oil Exploration*, *Booker McConnell* and *Barton "A"*.

Portals aim for £9m but shares lose 13p

By our Financial Staff

Portals Holdings, the security paper to water treatment group 32 per cent owned by the Bank of England, raised its pretax profits from £3.1m to £3.8m in the six months to June 30.

Turnover went up from £31.6m to £38.3m with paper-making sales rising from £12.8m to £15.1m, water treatment and engineering up from £22.2m to £27.9m and property ahead from £340,000 to £384,000. Internal sales and rents came to £5.1m.

A breakdown of trading profits shows a gain in paper-making from £2.1m to £2.4m, water treatment and engineering from £1.5m to £2.1m and property from £265,000 to £265,000.

The directors are expecting the full year's profits to increase in line with the first half figures. This indicates a figure of just over £9m pretax against £7.3m last time.

The group trading picture continues to show the best opportunities arising overseas. Direct and indirect exports and overseas sales account for about 65 per cent of the total.

In banknote and security papermaking growth has slowed down. This reflects a fall in demand and narrowing margins but the board expects to be running at near full capacity for the rest of the year. Capital spending on equipment, product development and management strengths in this division will total £4m in the next two years.

In water treatment and engineering last year's growth has accelerated with continuing buoyancy in export markets and less depression at home.

In this division the *Pearson Candy* companies in Malaysia and Singapore became subsidiaries with holdings stepped up from 50 per cent to 55 per cent. The interest in the Indian subsidiary will be diluted from 50 per cent to 35 per cent.

The directors think that the engineering side is too small to realise its potential and it is likely that some of the £4m cash in the balance sheet will be spent on an acquisition in this sector.

One problem for the group, as a whole highlighted by the directors is the difficulty in recruiting skilled staff.

The interim dividend is 5.30p per share and the directors plan to pay the maximum for the year of 11.67p. The shares fell 13p to 245p after rising from 226p at the beginning of the week. They yield prospectively 4.8 per cent and sell at just under 10 times earnings.

A note to the accounts shows that two groups—*Bankers Trust International* and *The Thromorton Trust*—hold more than 5 per cent of the shares.

Plenty of room for Hepworth Ceramic to do better still

By Bryan Appleyard

Hepworth Ceramic Holdings, the Sheffield clayware to factories group, has followed its 46 per cent profits growth last year with a 42 per cent increase at half time. This outstripped best market hopes by at least 10m.

On a turnover up from £78.9m to £106.5m pretax profits rose from just over £5m to £7.5m in the six months to June 30 thanks to an across-the-board improvement led by refractories which showed the largest percentage growth.

With the results the group announced that Mr Peter Goodall, previously the managing director, is now the chairman and chief executive owing to the retirement of Mr John Booth from the post of executive chairman.

Commenting on the figures Mr Goodall said the United Kingdom economic climate had not improved and the group had dealt with this by increasing efficiency.

The fast-growing refractory division is to receive an additional boost from the £30m pretax profits the company has launched in Ireland with *Cement-Roadstone*. The plant will be on stream in two years and will provide high-grade magnesia and free Hepworth from the scattered international markets on which it currently relies.

On the clayware side the major growth hope is the United States company *W. S. Dickey Clay Manufacturing* which Hepworth bought for £2.7m. This contributed £568,000 to profits at the trading level in



Mr Peter Goodall—the new chairman and chief executive of Hepworth Ceramic.

this half year but Mr Goodall hopes to set it on as productive a footing as the British clay pipe operation.

That indicates potential capacity of 50 per cent of the British operation which produced £5.7m profits last year working at just 20 per cent capacity.

Fordth, the foundry resins and equipment subsidiary which made £675,000 last year, has improved substantially.

The interim dividend is 2.35p and the total for the year forecast at the time of the rights issue is 5p. So the shares at 89p, up 3p yesterday, offer a prospective yield of 5.6 per cent. Estimates for full year profits now range from £25m to £27m.

Latest results

Company	Sales £m	Profits £m	Earnings per share	Div pence	Pay date	Year's total
Anglo Am Ind	—	29.5C(29.4C)	64.5C(69.7C)	22.0(22.0)	—	—
Ang Am Ind	—	21.4C(15.9C)	212C(158C)	200(150)	—	—
Ang Am Ind	—	0.19(0.06)	1.92(0.78)	0.5(0.4)	3/11	(0.4)
Ang Am Ind	—	0.57(1.7)	—	1.6(2.5)	—	—
Ang Am Ind	—	0.63(0.38)	35.5(22)	5.5(5.3)	22/11	10.8(8.8)
Ang Am Ind	—	0.50(0.40)	3.2(2.6)	0.6(0.5)	24/11	(1.5)
Ang Am Ind	—	4.0(2.5)	—	2.3(2.2)	24/11	3.4(2.9)
Ang Am Ind	—	0.97(0.66)	1.75(1.53)	1.2(1.2)	—	3.4(3.4)
Ang Am Ind	—	26.3(24.0)	—	4.2(3.8)	7/1	(9.18)
Ang Am Ind	—	12.8(9.0)	5.6(4.12)	1.55(1.0)	18/11	(2.2)
Ang Am Ind	—	1.7(2.08)	6.3(7.38)	2.5(2.5)	—	NB(NB)
Ang Am Ind	—	1.5(1.1)	—	1.19(1.07)	25/10	(2.4)
Ang Am Ind	—	0.15(0.001)	—	4.57(1.0)	3/11	(9.1)
Ang Am Ind	—	17.3(12.2)	5.6(10.3)	3.0(2.7)	30/12	—
Ang Am Ind	—	1.5(1.2)	—	2.1(1.6)	30/12	3.0(2.4)
Ang Am Ind	—	4.6(3.7)	5.72(4.66)	5.0(—)	—	—
Ang Am Ind	—	0.49(0.39)	—	10.0(8.8)	8/1	(18.0)
Ang Am Ind	—	30.4(21.8)	—	3.07(2.75)	21/10	(1.7)
Ang Am Ind	—	0.2(0.14)	—	0.5(0.4)	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.15. Profits are shown pretax and earnings are net. A Forecast. B Loss. C Rands.

Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT AND INTERIM DIVIDEND ON THE ORDINARY SHARES

The following are the estimated results of the company for the six months ending 30th September, 1977, together with the figures for the six months ended 30th September, 1976 and the year ended 31st March, 1977. These should be read in conjunction with the notes below:

	Six months ending 30.9.77	Six months ending 30.9.76	Year ended 31.3.77
Investment income (see notes)	R000's 21 499	R000's 16 073	R000's 44 449
Interest earned	223	218	422
Deduct:			
Administration expenses	295	255	562
Interest paid	—	66	120
Provision for taxation	80	50	120
	375	371	748
Net profit after taxation	21 347	15 920	44 123
Preference dividend	150	150	300
Equity earnings (see notes)	21 197	15 770	43 823
Cost of interim dividend No. 75 of 200 cents a share	20 000	15 000	—
Number of ordinary shares in issue	10 000 000	10 000 000	10 000 000
Earnings per ordinary share—cents	212	158	438
Dividends per ordinary share—cents (see notes)	200	150	410

NOTES:
1. It should not be assumed that the results for the six months ending 30th September, 1977 will necessarily be representative of the results for the year ending 31st March, 1978 because investment income does not accrue evenly throughout the year.

2. Particulars of the company's listed investments are as follows:

	6.9.77*	30.9.76	31.3.77
Market value	R000's 495 547	R000's 339 660	R000's 398 345
Book value	46 411	46 394	46 411
Appreciation	449 136	293 266	351 934

*The last practical date before publication of these results.

3. As a result of the merger of Rand Selection Corporation Limited with Anglo American Corporation of South Africa Limited (AAC) in May of this year, the company became a subsidiary of AAC which group holds 52.16% of its ordinary shares.

Diamond Sales
The company has substantial interests both in De Beers Consolidated Mines Limited and in the diamond trading companies. Sales by the Central Selling Organisation (C.S.O.) for the period 1st January to 30th June 1977 amounted to R943 440 000, a 41 per cent improvement over sales of R669 951 000 attributable to the previous six-month period. For the year ended 31st December 1976 C.S.O. sales amounted to R1 351 859 000.

For and on behalf of the Board

H. F. Oppenheimer } Directors
J. Odell Thompson }

INTERIM DIVIDEND

Dividend No. 75 of 200 cents per ordinary share (1976: 150 cents), being an interim dividend for the year ending 31st March, 1978 has been declared payable to shareholders registered in the books of the company at the close of business on 23rd September, 1977.

The ordinary share transfer registers and registers of members will be closed from 24th September, 1977 to 7th October, 1977, both days inclusive and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 27th October, 1977. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 18th October, 1977 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries on or before 23rd September, 1977.

The effective rate of non-resident shareholders' tax is 14.8815 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London Offices of the company and also at the offices of the company's transfer secretaries Consolidated Share Registrars Limited, 62 Marshfield Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ, England.

By order of the Board

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

per H. J. E. Stanley
Companies Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited,
62 Marshfield Street,
Johannesburg,
2001
(P.O. Box 61051,
Marshfieldtown 2107).

Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent TN24 8EQ.

London Office:
40 Holborn Viaduct,
EC1P 1AJ.

8th September, 1977.

Otjihase may cease working—Johnnies

By Desmond Quigley
Operations at Otjihase, the troubled Namibian copper producer, may be suspended following a loss of 24.7m in the first full year of operation, according to Johannesburg Consolidated Investment, which has a direct 49 per cent stake.

The possibility of suspension and the extent of the losses are detailed in the JCI preliminary figures for the year to the end of June. JCI has taken in R6.2m of Otjihase's losses as well as writing down its investment in the project by R12m.

The Otjihase write-off reduced attributable JCI profits to R14.2m (about £5.4m) from R26.2m the year before. However, the final dividend remains unchanged at 130 cents to make a total distribution of 170 cents a share, the same as the previous year.

The encouraging recovery price for Bradford stock, the steel and merchant G. M. Firth (Metals) may prove difficult to maintain.

According to Mr Gerard Leadbeater in the annual report the opening months of the current year have not shown any improvement on last year. The depressed state of the world's steel industries, particularly at the heavy end of the flat products market in which Firth specializes, meant that the gain the first half of the year to March 31st last could not be held in the second six months.

And it is obvious, the chairman says that worthwhile profit can only be earned when volume recovers.

However Firth is set to take advantage of any upturn. Sales have been running at levels lower than capacity but the group has been improving the quality of its stock on advance terms and, as such, will benefit fully from any upturn.

And Firth is to continue to use its assets to the full. Underlining this policy was the sale, last May, of part of its Bradford site for £725,000 against a book value of £485,000. About two thirds of the cash raised by the sale will go on a new factory to be built on the remaining part of the site.

Last year pre-tax profits of the group recovered from a depressed £32,000 to £198,000 on turnover up from £5.4m to £7.9m. But the group still has a long way to go to reach the near £1m pre-tax made in 1975-76. Direct exports in the year were stepped up slightly to £187,000 compared with a previous £143,000.

A note to the accounts shows that two groups—*Bankers Trust International* and *The Thromorton Trust*—hold more than 5 per cent of the shares.

Simon Engineering is believed to be on the verge of signing a contract for rubber plant equipment worth well over £50m with Russia.

It is thought that the deal will be signed within a matter of weeks and will involve Export Credits Guarantee Department backing. Finance of between £25m and £30m.

The deal is under the £950m export credit package agreed in 1975 between the then Mr Harold Wilson, the former Prime Minister, and Mr Kosygin.

In looking forward to the second half Mr J. T. Sykes, chairman, says he considers the group's planned investment in the extension of the range of products, particularly in the ever increasing market for disposables which range from tableware to disposable scalpels, is being fully rewarded.

Laund withdraws bid for Charrington Ind
Laund Group has withdrawn, beaten, from the battle to gain control of Charrington Industrial Holdings. The £26m agreed bid from Coalite and Chemical Products, which topped the Laird offer by 25m, has proved to be as much for the engineering to transport group. Revised terms which the Laird directors

Oct Steel and Bazaloni

At the extraordinary general meeting of tea producer Bazaloni Holdings called for September 28, Octavus Steel, which holds about one third of the group's shares, intends to move a special resolution to block any merger without shareholders' approval.

It says that Bazaloni shall procure that none of its wholly owned subsidiaries—Bazaloni Tea, Banzang Tea and Sonaheel (Assam) Tea—shall agree to be party to any scheme for the amalgamation or merger of the business of any of those subsidiaries or any of them with the businesses now carried on by Bazaloni Tea, ISA Steel Tea, Jorahat Tea, Longai Valley Tea

or Marangi Tea, or any of them, unless such scheme has first received approval of the company in a general meeting.

If the resolution is not passed, Octavus Steel intends to move an ordinary resolution with a similar aim in view.

Apart from Octavus Steel, Walter Duncan & Goodrich is a major shareholder with about 13 per cent of the equity. It says that it held 9.76 per cent of Bazaloni, while Jatel Holdings said it held 8.99 per cent.

The biggest shareholder in Jatel up to a year ago was Jorahat with nearly 34 per cent, while Jetinga Tea has 27 per cent.

Ewer stake was sold to Dee Computer
George Ewer has been told that the 4m shares sold by CCH Investments went to Dee Computer Services. This represents 27.69 per cent of the total Equity. Mr G. Currie of CCH has resigned as a director of Ewer. CCH sold its shares in Ewer at 25p each giving total price of £1m.

Trade Indemnity is keeping costs at bay
The bulletin from Trade Indemnity for the six months to June 30 indicates that the 1976 underwriting account has fared rather better so far than its predecessor had a year ago. The cost of claims rose, but more slowly than premium income. The 1977 underwriting account, which will not be closed until the end of 1979 has started well but much

depends on the business climate in coming months. There is also a dividend sweater to reflect the cut in ACT. The directors have declared an extra interim of 0.07p a share. With a tax credit of 0.04p this is equal to 0.11p gross. The usual interim dividend for this year is 4.65p gross.

Newton Chambers in big Russian deal
Central & Sheerwood's subsidiary, Newton Chambers Engineering, has recently signed an agreement with Russia giving the company the British rights to engineer and supply complete plants for the dry quenching of coke. These high technology plants which are worth millions of pounds are based on very considerable Russian experience and will be manufactured at Newton Chambers Engineering works in Sheffield and assembled and commissioned on site by trained personnel. Dry quenching of coke is an advanced process of coke production resulting in better quality coke, less atmospheric pollution, reduced risk of corrosion and the important benefit of harnessing surplus steam for conversion into electricity.

Portals Holdings Limited

(Security paper manufacturing, Liquid and water treatment engineering)

Interim Report to 30th June 1977

The unaudited results of the Group for the six months to 30th June 1977 are shown below together with those for the first six months of 1976 and for the year ended 31st December 1976.

	Six months to 30 June 1977	Six months to 30 June 1976	Year to 31 Dec. 1976
Group turnover	15,086	12,776	24,321
Papermaking Division	—	—	—
Water Treatment and Engineering Division	27,890	22,310	49,181
Property Division	384	510	771
Less: Inter-group sales and rents	43,340	35,236	73,373
	5,078	3,712	5,030
Group trading profit	2,498	2,109	4,808
Papermaking Division	—	—	—
Water Treatment and Engineering Division	1,300	915	2,661
Property Division	298	265	632
Deduct: Unallocated costs (net) including interest on 8% convertible unsecured loan stock	4,004	3,289	7,986
Group profit before taxation	3,881	3,068	7,301
Estimated taxation	3,098	1,667	3,689
Group profit after taxation	1,786	1,411	3,612
Outside shareholders' interests in profit	55	24	76
Preference Dividends	1,741	1,387	3,364
Profit attributable to Ordinary Shareholders	1,725	1,371	3,229
Earnings per Ordinary Share unit			
Basic	10.53p	8.43p	21.85p
Fully diluted	9.23p	7.87p	20.21p

The figures show that Portals is continuing to make progress in both sales and trading profits. Furthermore the Group has healthy liquid reserves, and plans to use them in projects that should enable it to go from strength to strength. The climate of the markets in which we sell varies considerably but, in general, we can say that the best opportunities continue to occur in exporting rather than in servicing the home trade. Our ability to produce, and deliver our products on time is mainly constrained by the difficulty that we have in recruiting skilled staff. Inflation continues to be the greatest problem due to its effect on costs and the morale of those who work in the company.

Bank Note and Security Papermaking Division
This division has again produced results that exceed the comparable figure for the previous year. The increase is less spectacular than achievements in the recent past and reflects some decline in the rate of increase in demand and reduced margins. We expect to be running at near full capacity for the remainder of the year, so that our sales and profits should progress in line with the first half of the year. Our confidence in the prospects of this division is reflected in the continuing high level of investment in equipment planned for the next two years, in extensive product development and in further development of management strengths.

Water Treatment and Engineering Division
It was said in the annual report for 1976 that this division was now again making worthwhile progress. It is pleasing to report that this progress has accelerated in the first half of this year and is expected to continue at a similar rate in the second half. Export markets remain buoyant and home trade is less depressed than it was. During the period the Malaysian and Singapore companies became subsidiaries and now are 55% owned. We shall be diluting our interest in our Indian subsidiary from 60% to 40% at

Associated Television Corporation-

the International Group spanning
TV, Theatres, Theatrical Costumiers,
Films, Music Publishing, Records
and Tapes, Property, Insurance,
Ansafone and Merchandising



'Pretax profits are up by 81% to all time record'

Statement by Lord Grade of Elstree, Group Chairman and Chief Executive:

Review of the year

The results speak for themselves. The pre-tax profit figure is £11,161,000, the highest in the 22 year history of the company, and shows an increase of 81% over 1976.

The improvement in the Group profit may be attributed to the main to two causes: first, to the resurgence in television advertising revenue and secondly, to the very substantial contribution made this year by the Corporation's film division.

I can also confirm that all the main divisions within the Group are currently thriving and look well set for the future.

Directors

ATV Corporation

Mr. Jack Gill, C.B.E., already my Deputy Chairman, has, in addition, been appointed Deputy Chief Executive of the Corporation. Mr. Gill's new designation thus gives public recognition to the part which he has played in building up ATV's prosperity.

Mr. Norman Collins, who has held the position of Deputy Chairman from the inception of the Company, now gives up that post, but I am most happy to say he has agreed to remain a member of the Board.

I have been most happy, also, to appoint Mr. Louis Benjamin my other Deputy Chairman.

ATV Network

It is a condition of the franchise granted by the Independent Broadcasting Authority that 70 should be the maximum age for Directors of the licensed Companies.

Accordingly, while remaining Chairman and Chief Executive of Associated Television Corporation—the Group which embraces all the subsidiary activities—I shall be relinquishing my Chairmanship of the ATV Network Division of the Group on 1st October, 1977.

I am delighted to say, however, that the Board of ATV Network has, with the full approval of the Authority, unanimously elected me to the post of President, and I am also fortunate in having Mr. Jack Gill, already my Deputy Chairman at ATV Network, ready to succeed me as Network Chairman.

Under the same age-rule of the Independent Broadcasting Authority, Mr. Norman Collins, a founder member of the Company, will be retiring from the Network Board.

Television

As a result of improved transmitter coverage, ATV Network now serves an area extending from Stoke on Trent in the north to Oxford in the south, and from Hereford in the west to Peterborough in the east.

Due to the upturn in television advertising revenue, the profit of ATV Network, before tax, was £4,281,000 against £1,945,000 for 1976.

The financial revival of ATV Network should be seen against the background of the results for the year 1974/75 when the profit before tax had dropped to £1,677,000.

The urgent and necessary economies which were introduced were not, however, at any time allowed to impinge on direct expenditure upon programmes.

In the result, the high standards of the service were fully maintained, and the year saw the presentation of such notable programmes as the six-part "Moses the Lawgiver", and the inimitable, 24-episode series "The Muppet Show"—1977 winner of the Golden Rose of Montreux Award.

The Annan Report

The long-awaited Annan Report on the future of broadcasting has now been published and I must thank Lord Annan for his welcome acceptance of the basic principles of Independent Television.

I must, nevertheless, admit to being disappointed that the Committee did not see fit to recommend that the available—and at the moment, entirely unused—fourth Channel should be allocated to the IBA.

Film Production

In my last two annual statements, I have been careful to draw attention to the magnitude of borrowings necessary to finance large scale film production and the inevitable time-lag between outlay and reward.

That reward, in very considerable measure, is now beginning to accrue with a contribution of £2,908,000 this year.

Zeffirelli's majestic production of "Jesus of Nazareth" was first shown in this country on Palm Sunday, 3 April 1977. It achieved immediate success both at home and abroad. In Britain, the audiences amounted to 21 million viewers; in the USA to over 91 million and in Italy 84% of the viewing public saw the film.

I have no hesitation in saying that this film, representing ATV's largest single film-production investment, will prove an asset of incalculable worth to the company and provide a valuable annuity over the years to come.

Theatres

The Stoll-Moss Theatre Group enjoyed a most satisfactory year. Included amongst its outstanding achievements are the record-breaking "A Chorus Line" at the Theatre Royal, Drury Lane, and the musical hit, "Ipi Tombi", at Her Majesty's Theatre.



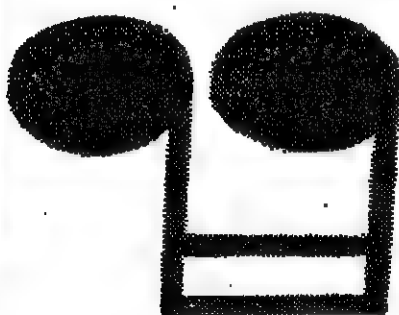
Moreover, the Group's Shaftesbury Avenue theatres—Queens, Globe, Lyric and Apollo—all showed to best advantage, with long-running performances by such of our leading actors as Sir Alec Guinness and Sir John Mills, and with the work of many award-winning dramatists.

The twelve months at the London Palladium proved equally stimulating and successful. The new international star policy launched with Frank Sinatra in 1975, brought before the public such artists as Sammy Davis Jr., Julie Andrews, Bing Crosby and Shirley Maclaine on her triumphant return visit; and the box office demand became overwhelming.

Music Publishing, Records and Tapes

Music publishing produced record profits with an increase of 21% against the previous year and there is every indication that the current year should again make a major contribution to the Group's finances.

The decision has been taken to start new companies in the major territories outside USA and Switzerland, where we already have our own music publishing subsidiaries. We have therefore acquired a controlling interest in Allo Music in France and investigations are proceeding with the object of establishing companies in Germany and Italy.



The results of the Pye Records Group show improvement over the previous year despite a non-recurrent setback in the company's trading in the United States.

Among the Pye artists who won international acclaim were the Brotherhood of Man with their 1976 Eurovision Song Contest winner "Save Your Kisses for Me", and Max Bygraves and Lena Martell both earned top places in the overseas Charts.



Other Activities

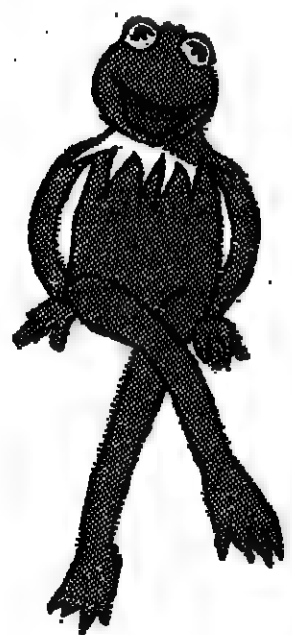
It is a remarkable achievement that Bentrax Investments should have increased its profits by nearly 20% in a year which was a notably difficult one for property companies.

A complete re-organisation has been undertaken at Ansafone and the new range of equipment being offered shows every sign of being able to meet the steadily growing demand.

Bermans & Nathans, our theatrical costumiers, are now trading profitably.

The Martarch Insurance group is steadily expanding its business overseas and the whole outlook is most promising.

ATV Licensing has most enterprisingly expanded its activities. In addition to the wide range of "Space 1999", a forthcoming range based on "The Muppet Show" and our own long established "Rupert Bear" should ensure another good year.



Kermit, star of "The Muppet Show" winner of The Golden Rose of Montreux and Pye record personality.

Tribute to Staff

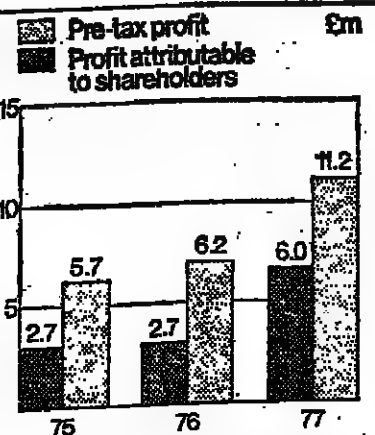
Thanks are due to all directors and staff of the Group's companies at home and abroad for their staunch support throughout the year. The growth of ATV is something of which we can all feel justly proud.

Group results at a glance

Year to 27 March 1977

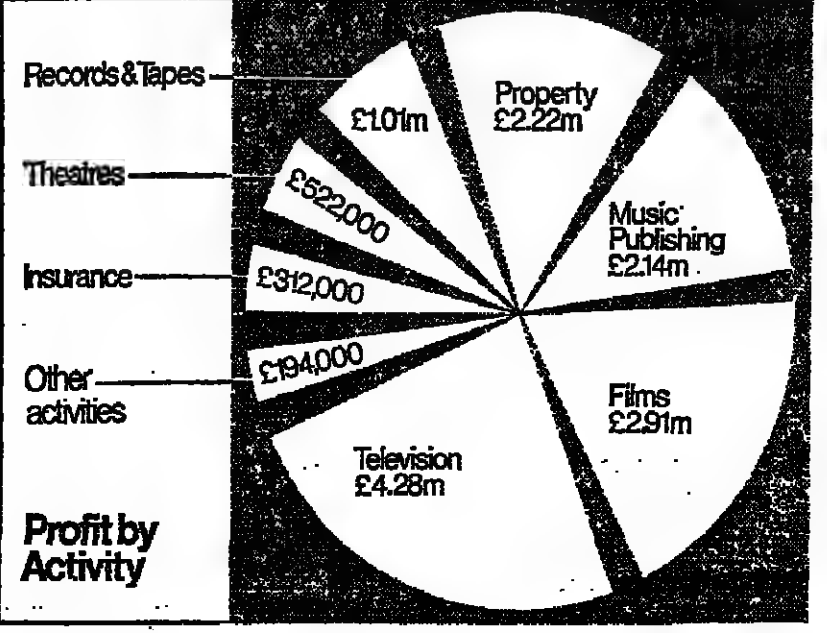
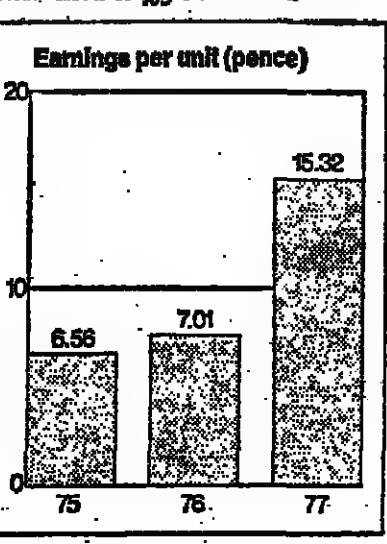
Turnover rose from £69.2 million to £89.3 million an increase of 29%. After paying an increased television levy of £6.03 million against £2.73 million in 1976, the profit before taxation was £11,161,000 (1976—£6,151,000). Taxation accounted for £4.75 million (£3.17 million), leaving a profit after tax of £6.41 million (1976—£2.98 million).

Earnings per 'A' stock unit were 5.374p, an increase of 118.5% over last year.



An interim dividend of 2.275p per 'A' stock unit, together with a final dividend of 3.099p to be paid on 3 October, makes a total of 5.374p per 'A' stock unit—the maximum permitted.

After paying these dividends, the profit retained in the business amounted to £3.82 million.



Stock Exchange Prices

More good gains

ACCOUNT DAYS: Dealings Began, Sept 5. Dealings End, Sept 15. Contango Day, Sept 19. Settlement Day, Sept 27

Forward bargains are permitted on two previous days

BRITISH FUNDS			COMMONWEALTH AND FOREIGN			LOCAL AUTHORITIES			FOREIGN STOCKS			DOLLAR STOCKS			BANKS AND DISCOUNTS			BREWERIES AND DISTILLERS		
1977	1976	1975	1977	1976	1975	1977	1976	1975	1977	1976	1975	1977	1976	1975	1977	1976	1975	1977	1976	1975
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121
122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142
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